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# ***Daily Report***

## **China**

FBIS-CHI-87-222  
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18 November 1987

# Daily Report China

FBIS-CHI-87-222

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**AFP Reports Lhasa Remarks, Situation**  
*HK181154 Hong Kong AFP in English 1121 GMT  
18 Nov 87*

[Text] Beijing, Nov 18 (AFP)—China Wednesday reaffirmed that Tibet was open to foreigners while Lhasa officials said the area remained closed until further notice.

"It is a fact that Lhasa is an open city," a Foreign Ministry spokesman told a weekly press briefing eight weeks after anti-Chinese demonstrations there.

"As to when you can go there, you can contact the Foreign Affairs Office of the People's Government of the Autonomous Region of Tibet," he added.

A spokesman for this office in Lhasa contacted by telephone said foreigners were temporarily denied entry to Tibet. He said he did not know when the ban would be lifted.

"Tibet is open, but for the time being we are not authorizing the entry of foreign tourists, foreign friends, and foreign journalists," he said.

"We have a lot of work at the moment," he added before ending the conversation.

Three pro-independence demonstrations shook Lhasa between September 27 and October 6. Between six and 13 people were killed when police opened fire on protesters on October 1.

All foreign journalists were expelled shortly afterwards.

The Chinese government has since announced temporary regulations that only allow entry to tourist groups with written permission from China.

**Comments on Vatican Relations**  
*OW181321 Beijing XINHUA in English 1130 GMT  
18 Nov 87*

[Text] Beijing, November 18 (XINHUA)—A Chinese Foreign Ministry spokesman said here this afternoon that if Vatican really wants to improve its relations with China it should take practical actions.

In response to a question at the weekly news briefing, the spokesman said: "If Vatican is sincere about improving its relations with China it should take practical actions to sever its so-called 'diplomatic relations' with Taiwan and recognize the Government of the People's Republic of China as the sole legitimate government representing all the Chinese people.

Furthermore, he added, it should stop interfering in the internal affairs of China."

"This is the consistent position of the Chinese Government," the spokesman said.

**Reiterates Cambodia Policy**  
*OW181316 Beijing XINHUA in English 1125 GMT  
18 Nov 87*

[Text] Beijing, November 18 (XINHUA)—China has always stood for a political settlement of the Kampuchean issue and fully respected Samdech Norodom Sihanouk's efforts in this regard, said a Chinese Foreign Ministry spokesman at a weekly news briefing here this afternoon.

The spokesman said China hopes that following the total withdrawal of Vietnamese troops from Kampuchea, a four-party coalition government genuinely headed by Sihanouk will be set up in the country.

**Says Dissident Not Dead**  
*HK181039 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 0957 GMT 18 Nov 87*

[Text] Beijing, 18 Nov (ZHONGGUO XINWEN SHE)—Today, Ma Yuzhen, a spokesman for the Chinese Foreign Ministry, denied that Wei Jingsheng is dead.

In reply to a question raised by a foreign correspondent, he said: China's Ministry of Justice has answered this question. The news that Wei Jingsheng is dead is a purely groundless fabrication.

The foreign correspondent who raised the question claimed that he had learned this from Amnesty International.

**Announces Foreign Visits**  
*OW181241 Beijing XINHUA in English 1047 GMT  
18 Nov 87*

[Text] Beijing, November 18 (XINHUA)—A delegation of China's National People's Congress, headed by Vice-Chairman Liao Hansheng of its Standing Committee, will pay a goodwill visit to Spain and Portugal from November 24 to December 5 at the invitation of the presidents of the Senate and the Congress of Deputies of Spain and the president of the Assembly of Portugal respectively.

This was announced by a Chinese Foreign Ministry spokesman at the weekly news briefing here this afternoon.

The spokesman also said Chinese State Councillor and Minister in charge of the Science and Technology Commission Song Jian will, at the head of a Chinese Government delegation of science and technology, leave on November 26 for the Democratic People's Republic of Korea on a five-day goodwill visit at the invitation of the Korean Government.

## General

### Foreign Ministry Spokesman Meets Press

#### Denies Arms Sales to Iran

HK181025 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 0956 GMT 18 Nov 87

[Text] Beijing, 18 Nov (ZHONGGUO XIWEN SHE)—Today, Foreign Ministry Spokesman Ma Yuzhen denied that China is supplying arms to Philippine communists. He said: China has clarified this to the Philippines Government.

Ma Yuzhen stressed that China and the Philippines enjoy friendly relations and the Chinese Government has never interfered in Philippine internal affairs.

In reply to the question whether China sells arms to Iran, the spokesman said: China does not sell arms and missiles to Iran. China has adopted measures to stop what Western newspapers and journals describe as the sales of Chinese missiles on the international market.

#### Lauds U.S.-Soviet Talks

HK181100 Beijing XINHUA in English 1029 GMT  
18 Nov 87

[Text] Beijing, November 18 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China welcomes the forthcoming U.S.-Soviet summit and the INF agreement in principle between the two sides.

Answering reporters' questions at a weekly press briefing, the spokesman said the Chinese Government hopes that through the summit the two sides would reach an agreement truly useful to the termination of arms race and easing the international tensions.

"Such agreement should not be detrimental to other countries' interest," he stressed.

If the United States and the Soviet Union can formally sign the agreement on intermediate-range missiles and put it into practical implementation, the spokesman went on to say, this will constitute a step forward on the road to disarmament.

He pointed out, however, that intermediate-range missiles constitute only a small portion of the large arsenals of the United States and the Soviet Union.

"It is our hope that they will not remain where they are but will proceed with negotiations on other fields, reach agreements and put them into practical implementation," the spokesman concluded.

## Comments on U.S. Relations

HK181050 Beijing XINHUA in English 1025 GMT  
18 Nov 87

[Text] Beijing, November 18 (XINHUA)—A continuous and stable development of Sino-U.S. relations on the basis of the five principles of peaceful coexistence is beneficial to both sides, a Chinese Foreign Ministry spokesman told a news briefing here this afternoon.

Asked to comment the present state of Sino-U.S. relations following a series of unhappy incidents between the two countries, the spokesman said generally speaking, Sino-U.S. relations have somewhat developed in recent years.

However, there have occurred recently in the United States a series of incidents of interfering in China's internal affairs that hurt the feelings of the Chinese people, he added. Such incidents are detrimental to the development of bilateral relations.

China hopes the U.S. side will treasure the achievements of the development of Sino-U.S. relations and refrain from creating obstacles to the steady expansion of Sino-U.S. relations, he said.

#### Says Lhasa 'Open'

HK181414 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 1343 GMT 18 Nov 87

[Report: "Ma Yuzhen Reiterates Lhasa Is an Open City"]

[Text] Beijing, 18 Nov (ZHONGGUO XINWEN SHE)—Foreign Ministry Spokesman Ma Yuzhen has reiterated that Lhasa is an open city. He said: At a press conference, Xizang delegates to the 13th National CPC Congress said that foreign friends, including correspondents, were welcome in Lhasa. They were sincere about it.

Ma Yuzhen stressed that whenever one wants to go to Xizang, one can always directly contact the foreign affairs office under the Xizang Autonomous Regional Government.

In reply to a question on whether China plans to establish diplomatic relations with the Vatican, Ma Yuzhen stressed that if the Vatican really wants to improve its relations with China, it should take some concrete actions, break off its so-called diplomatic relations with Taiwan, and stop interfering in China's internal affairs.

**Announces African, Lao Visits**

OW181343 Beijing XINHUA in English 1034 GMT  
18 Nov 87

[Text] Beijing, November 18 (XINHUA)—General Andre Kolingba, president of the Republic of Central Africa, and his wife will pay an official visit to China from December 8 to 15 at the invitation of Chinese President Li Xiannian.

This was announced by a Chinese Foreign Ministry spokesman at the weekly news briefing here this afternoon.

The spokesman also said First Deputy Minister of Foreign Affairs of the Lao People's Democratic Republic Khamphay Boupha will visit the head of a Lao Foreign Ministry delegation from November 24 to 30 at the invitation of the Chinese Ministry.

**U.S., USSR Optimistic About Arms Control**  
OW180919 Beijing XINHUA in English 0838 GMT  
18 Nov 87

[Text] Geneva, November 18 (XINHUA)—The United States and the Soviet Union are optimistic about an arms control treaty prepared before the December 7-10 summit despite the failure to clear differences in their three-day talks concluded here on Tuesday.

A member of the U.S. delegation said they feel a treaty eliminating the intermediate-range nuclear forces (INF) can be wrapped up by the middle of next week.

He said the chief U.S. negotiator, Max Kampelman, still feels the negotiations are very much on track.

His Soviet counterpart, Yuliy Vorontsov, said in a Soviet television interview on Tuesday night that work on an INF treaty was in its final phase and should be completed by November 23.

Vorontsov, who is also deputy foreign minister, believes the Soviets "should be able to persuade the American side to remove these artificial issues and that the treaty will be prepared for signing in time."

Vorontsov was quoted by the Soviet news agency Tass as saying the U.S. delegation had proposed that the warheads, guidance systems and rocket motors from its cruise missiles be kept intact when the missiles could be destroyed.

He also said the two sides had worked out arrangements for observers to watch destruction of missiles, but that a snag had developed over "artificial issues" raised by the United States in the area of verification, or anti-cheating measures, according to Tass.

Flying out for other appointments on Wednesday, the two officials will be leaving a team of negotiators permanently based in Geneva.

**United States & Canada**

**PLA Discloses U-2 Plane Shot Down In 1965**  
OW171704 Beijing XINHUA in English 1622 GMT  
17 Nov 87

[Text] Beijing, November 17 (XINHUA)—A secret that has been kept for 22 years has been finally let out of the bag.

Back in 1965 the Chinese People's Liberation Army shot down an American U-2 high-altitude reconnaissance plane that violated Chinese air space.

It was the world's first use of a ground-to-air missile against a high altitude plane.

The developers of the missile have kept silent ...

... Until today, when the secret was finally revealed at an achievement show of the No 2 Research Institute of the Ministry of Astronautics Industry on the occasion of the 30th anniversary of the institute's founding.

A silver white model of the missile which shot down the plane was unveiled in the opening ceremony attended by Zhang Aiping, state councillor and minister of national defense.

Institute head Liu Congjun, a member of the International Academy of Astronautics said the institute has developed many kinds of missile control systems and ground-to-air weapons in the past 30 years.

One of its latest was a carrier rocket launched from a submarine in 1982.

**Joint Economic Committee Begins Meeting**  
OW162100 Beijing XINHUA in English 2016 GMT  
16 Nov 87

[By Zhao Zijian]

[Text] Washington, November 16 (XINHUA)—Chinese economic officials met with their American counterparts here today to begin the 7th session of the Sino-American Joint Economic Committee with wide ranging topics from macroeconomic policies to securities market regulations.

The 4-day meeting is chaired by China's State Councillor and Finance Minister Wang Bingqian, and U.S. Treasury Secretary James Baker, who met Wang this morning before being called away by the White House for budget talks.

During the meeting, Wang will also meet with U.S. Trade Representative Clayton Yeutter, Director of the Office of Management and Budget James Miller, Federal Reserve Board Chairman Allan Greenspan, Chairman of the President's Council of Economic Advisers Beryl Sprinkel and World Bank President Barber Conable.

In his opening address this morning, Wang said the reform and open policy constitute China's basic state policy which will be carried out "unswervingly" over a long period of time.

He explained that personnel changes in the Chinese Communist Party and Government after the 13th National Congress of the Chinese Communist Party "will by no means alter our established state policy, but will lead to even better implementation of the policies of reform and opening up."

Wang said economic cooperation between China and the U.S. has seen further progress over the past year.

He noted that trade between the two countries reached 7.3 billion dollars last year. China's export to the U.S. for the first 10 months of this year outpaced that of last year with a wider range of goods exchanged between the two countries, he said. He added that the proportion of U.S. machinery and technological equipment exported to China has continued to increase compared to total U.S. sales to China.

According to Wang, the U.S. concluded 102 investment contracts with China totalling 0.5 billion dollars last year. By the end of last September, total contracted [word indistinct]. Investment in China exceeded 2.8 billion dollars.

He pointed out that some U.S. ventures in China, either in the form of equity joint ventures or contractual ones, have shown good economic results. For example, Beijing Jeep Corporation, which involves AMC, and Beijing Motor Company began to turn in profits last year. Another joint venture between McDonnell Douglas and a Shanghai airplane maker has turned out the first MD 82 airplane in China this year.

Other progress, he said, includes the various "work plans" now being implemented or completed on Sino-American cooperation in metallurgical industry, telecommunications and electronics, aviation, industrial and technological transformation, machinery and building materials. In addition, exchanges in the fields of public finance, monetary policy, insurance and accounting have also increased.

He said, "we look forward to further advances and broader fields of our economic cooperation based on equality and mutual benefit. This will greatly facilitate the economic growth of both countries."

Wang also briefed American officials on China's current economic reform and economic situation.

He said China's economic situation this year is "better than expected" and the gross industrial output may grow by about 13 percent over that of last year. Output of major agricultural products has also increased. Meanwhile, domestic commerce is flourishing and the total volume of import and export has continued to grow.

During the 4-day meeting, the Chinese officials will present introductions on China's economic situation, economic reform, capital markets development, monetary and budgetary policies, tax reform, foreign investment and other issues. In their turn, the American officials will talk about the U.S. economy, the dollar's exchange rate, the U.S. external debt and cooperation with other major industrialized nations. U.S. monetary and fiscal policies, tax reform progress, securities markets regulations, the social security system and U.S. policy on foreign investment will also be covered.

The annual session will end on Thursday and the next one, by rule, will be held in China next year.

#### **Weinberger's Resignation Discussed**

HK180323 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 46, 16 Nov 87 p 28

[Article by Bao Guangren (7637 1639 0088): "Circumstances Surrounding Weinberger's Resignation"]

[Text] Washington, 5 Nov—U.S. President Ronald Reagan announced on 5 November that he had accepted the resignation of the Secretary of Defense, Caspar Weinberger. At the same time, he announced that he had appointed the present National Security Advisor, Carlucci, to take up the post of Secretary of Defense. At the moment when the United States and the USSR have just announced that, after a series of setbacks, Soviet leader Mikhail Gorbachev will meet President Reagan and sign an arms control agreement in Washington on 7 December, the sudden resignation of Weinberger, who had held the post as Secretary of Defense for 7 years, has aroused plenty of conjecture.

Reagan declared that he was going to "re-arm the United States" when he was running for the presidency 7 years ago. Weinberger, Secretary of Defense since Reagan assumed power, was the key person in the program of "re-arming the United States." American journals describe him as a "conservative and tough" person. According to official statistics, military spending increased from \$135.9 billion in 1980 to \$312 billion in 1987 in his tenure of office. As a result, military equipment has been improved. The growth rate of U.S. military spending during this period has broken the previous U.S. peacetime record.



Weinberger was an enthusiastic advocate of the "Star Wars" program. He opposed any reduction of nuclear missiles. He declared that "the reduction of one missile will endanger national security" even though there were 25,000 warheads in the U.S. nuclear arsenal.

Powell, who is going to take over the post of National Security Advisor from Carlucci, said that Weinberger "had been working very hard" to promote Reagan's defense program. Reagan also had highly praised Weinberger's contribution to national defense.

Normally, Weinberger, who has contributed to the program of "re-arming the United States," should help Reagan to complete his term of office. Why did he resign at a time when the program was halfway completed? The official explanation, as well as the explanation given by Weinberger himself, was that Mrs Weinberger has been suffering from cancer and Weinberger is already 70 years old. He had been very busy with national defense matters and thus had been unable to take care of his wife, and it was time for him to step down and take care of her.

However, besides personal reasons, external reasons should also be taken into account. The strengthening of armaments requires huge funds. However, the United States has incurred plenty of debts in recent years and the financial deficit is very shocking. Weinberger, with support from Reagan, had continuously increased military expenditures. This practice increased the financial burden on the government and also aroused much resentment. Every year, Weinberger had to argue with Congress on increasing military spending. The main issue of the argument was "whether the United States wants guns or bread." According to the *Associated Press*, Weinberger was very tired, "had overworked, and could not continue to endeavor to increase military spending."

The U.S budget deficit in 1987 was \$148 billion. It plans to further reduce the deficit by \$21 billion in 1988. The White House and Congress have been bothered by the issue of how to greatly reduce military spending. In such a situation, it is not really possible to increase military spending. The Defense Department wants \$332 billion in military spending in 1988. It is expected that Congress will cut this amount by at least \$30 billion. Weinberger is not very happy about this, but he cannot do anything about it.

Weinberger considers that the danger threatening the security of mankind comes from the USSR. He advocated that a policy of strength should be implemented against the USSR, and he always wanted to surpass the USSR in every aspect. However, on the basis of various considerations, Reagan wants to have a discussion with Gorbachev during his tenure of office and to reach a certain level of agreement on arms control. While the two leaders were meeting in Iceland last year, Reagan and Secretary of State George Shultz basically agreed to the proposal that both the United States and the USSR should remove all of their medium-range missiles from

Europe. They also agreed that the USSR can keep the 100 missiles it has installed in Asia. However, Weinberger opposed this plan, and Reagan did not accept his suggestions. Reagan is going to meet Soviet leader Mikhail Gorbachev in December this year. Weinberger put in his resignation before this meeting. Reagan did not urge him to stay. Somebody stated that the resignation of Weinberger will "invisibly improve" the "atmosphere" before the meeting of Reagan and Gorbachev. The Russians will take the resignation of Weinberger as a "positive sign." Obviously, the timing of Weinberger's resignation is not just a coincidence.

After Carlucci has taken up the post of Secretary of Defense, President Reagan will again "re-arm the United States." This means that the general principle of expanding military capacity will not be changed. However, Congress has been hoping that the practice will be more flexible after the new Secretary of Defense has assumed duty. In order to reduce the deficit, other spending has to be cut. The cutting of military spending cannot be avoided. Congress hopes that Carlucci can coordinate with themselves, and will indicate to them the scope by which military spending can be cut.

**Yang Shangkun Meets Chinese-American Group**  
*OW171234 Beijing XINHUA in English 0844 GMT*  
17 Nov 87

[Text] Beijing, November 17 (XINHUA)—Yang Shangkun, vice-chairman of China's Central Military Commission, met and hosted a luncheon for a delegation of the Southern California chapter of the National Association of Chinese Americans (NACA) here today.

The delegation is led by David F. Lee, president of the chapter and vice-president of the Los Angeles-Guangzhou Sister City Association.

Members of the delegation include Norman Yee, chairman of the American Chinese Chamber of Commerce of Southern California; Y. Y. Chan, general advisor to NACA; Wing Koon Chau, director of the chamber of commerce; Peter Lui, advisor to the chamber; Peter M. Chow, council member of NACA; and Tony Law, council member of the chamber.

Liao Hui, director of the Overseas Chinese Affairs Office under the State Council, attended the meeting and luncheon.

**Tian Jiyun, Colorado Governor Discuss Trade**  
*OW171224 Beijing XINHUA in English 0900 GMT*  
17 Nov 87

[Text] Beijing, November 17 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here this afternoon a trade mission from Colorado of the United States, led by Governor Roy Romer.

As guests of the China International Trust and Investment Corporation, the visitors are here to seek cooperation with China in the fields of mining equipment and technology, medical equipment and technology, agro-technology, telecommunications and animal by-products.

### Soviet Union

#### Daily Views USSR Historical Issues

HK180930 Beijing GUANGMING RIBAO in Chinese  
10 Nov 87 p 4

[Article by reporter Gao Fengyi (7559 7364 0308):  
"Discussions on Historical Questions in Soviet Society"]

[Text] Historical questions recently have become a hot topic in the Soviet media as well as among the public. Historians have presented contending viewpoints surrounding the various historical periods, personalities, and events in the USSR since the October Revolution. Readers have also joined in expressing their opinions in newspapers and journals.

The emergence of this "history craze" is not at all accidental. Along with the thorough implementation of reforms, as well as the revelation of the many stagnant phenomena and obstructive mechanisms in economic and social life, the people are focusing more and more attention on the "historical reasons for their existence and formation." Owing to the implementation of the principle of democratization, the people have started to express their views publicly on some sensitive historical problems. They also asked for a fair and truthful assessment of the different historical periods and personalities.

One of the most frequently discussed issues is that of historical objectivity. A more popular opinion is that the recording of history should be factual and objective, and that it should not be manipulated by temporary factors or be influenced by the likes or dislikes of certain people. The noted historian (Boriakov) wrote in *Liturnaya Gazeta* that in writing the post-October Revolution history, some previous historical accounts lavishly played up this or that historical event, exaggerated the role of some historical personalities, or put down some people in order to play up others. History books on the sixties and the seventies were pretty much like catalogues for expositions on national economic accomplishments. They only dealt with achievements and covered up various negative phenomena, difficulties, and contradictions. Many historians and ordinary citizens criticized such "bias" and "dogmatism" as violating historical truths. They believed that genuine historical accounts should not avoid contradictions or conceal or destroy facts. Instead, they felt that history should reflect its complicated and contradictory nature in its entirety and totally eliminate the restricted areas in history books. However, there is also opposition to the demand for reevaluation of some historical events and personalities. A historian named (Voganov) has pointed out that

science has already provided the answer to the principal issues in the history of the CPSU, a fact that could not be shaken or altered by anyone. Hence, there was no longer any need to rewrite the history of the party.

The question of how to evaluate the personality cult, purges, and other historical events during the Stalin era also have been heatedly disputed issues. Many historians have published articles in journals denouncing Stalin's personality cult and purges, and criticizing the "excesses" and "errors" in the industrialization and agriculture cooperative movement at the time. Many have even raised questions on some historical events, such as the agricultural cooperative movement which had always been appraised positively in the past. They noted that if the experiences and lessons of the past were not carefully reflected upon, then it would be difficult to move ahead today. On the other hand, many readers have also expressed grave dissatisfaction with the newspapers' massive publication of articles on these subjects. In letters to *Pravda*, they have written that the total repudiation of the past could only hamper the party's reputation and create disillusionment among the people. Moreover, this is an insult to the older generation and would also cause irreparable damage to the education of the younger generation.

Another most frequently discussed issue among the people has been the evaluation of some major leaders and noted activists in CPSU history. Previously, the names of people like Bukharin, Stalin, and Khrushchev either were not mentioned at all, or if ever, only mentioned in passing. Many historians have been critical of this practice. In a newspaper article the historian (Maslov) pointed out that to say that those historical personalities who committed political errors were enemies of Leninism and socialism right from the start was not at all tenable. At a Moscow press conference held on 9 October to discuss historical questions in the USSR, (Boriakov) speaking about the evaluation of Kamenev, Zinoviev, and Trotsky, stated that they had made many mistakes. For example, Kamenev and Zinoviev committed errors on the question of armed uprising during the October Revolution and even carried out anti-Soviet activities beyond the scope of internal party struggle. These mistakes should not be forgotten, nor should they henceforth be regarded as enemies and foreign agents. It should be noted that people at that time were engaging in socialist construction for the first time and that difficulties were inevitable. It was impossible not to carry out comparisons of different examinations and different points of views. To a large extent, these people made many mistakes precisely in the course of conducting serious investigations. If they were declared enemies because of their divergent points of views, then this was incorrect. As for Bukharin, he definitely was not an enemy of the Soviet. What is noteworthy is that in the recently published *Encyclopedia of the Great October Socialist Revolution*, the names of Trotsky, Bukharin, Kamenev, and Zinoviev, among others, appeared for the first time, along with their biographical accounts. Some historians

have also believed that Soviet history books have not been able to give a profound and balanced appraisal of Stalin, Khrushchev, Brezhnev, and other party and state leaders.

As the reform process continues, so does the big discussion on the historical questions in Soviet society. While time is still needed before an assessment and conclusion can be made on the many questions currently being debated by the people, more and more people are making active reflections and serious probings. This certainly is a new atmosphere brought into Soviet society by the reforms.

**Former Moscow Party Chief Yeltsin in Hospital**  
*OW171605 Beijing XINHUA in English 1549 GMT 17 Nov 87*

[Text] Moscow, November 17 (XINHUA)—A Soviet spokesman confirmed here today that Boris Yeltsin, former Moscow party chief, is being treated for heart trouble at a hospital.

Yuliy Gremitskikh, first deputy head of the Soviet Foreign Ministry Information Directorate, said at a news briefing that Yeltsin "is ill and has been in hospital for a number of days."

Asked whether Yeltsin really had a heart attack or if he tried to commit suicide, Gremitskikh said: "I categorically reject those rumors."

He told reporters that Yeltsin "had a heart trouble," adding, "you know there is a difference between heart attack and heart trouble."

Yeltsin was removed from his post as first secretary of the Moscow City Party Committee last Wednesday for "political mistakes" and shortcomings in his leadership of the Moscow Party Organization.

### Northeast Asia

**Tourism Official Meets DPRK Visitors**  
*OW181055 Beijing XINHUA in English 1511 GMT 17 Nov 87*

[Text] Beijing, November 17 (XINHUA)—Han Kehua, director general of the National Tourism Administration, gave a dinner here this evening for a 15-member visiting group led by Li Kun-do, vice director of the International Service Office under the Administration Council of the Democratic People's Republic of Korea.

The group, the second of its kind since the beginning of this year will tour the cities of Nanjing, Shanghai, Hangzhou, Guangzhou and Shenzhen.

**DPRK Party Workers Delegation Visits Qingdao**  
*SK180717 Jinan Shandong Provincial Service in Mandarin 2300 GMT 17 Nov 87*

[Text] At the invitation of the International Liaison Department of the CPC Central Committee, a six-member delegation of party workers of the Workers' Party of Korea [WPK] led by Ko Yun-mo, secretary of the South Hwanghae Provincial WPK Committee, arrived in Qingdao from Beijing on 16 November for a visit, and will return to Beijing by plane on 18 November.

**New Japanese Ambassador Presents Credentials**  
*OW11130 Beijing XINHUA in English 0730 GMT 17 Nov 87*

[Text] Beijing, November 17 (XINHUA)—New Japanese Ambassador to China Toshihiro Nakajima presented his credentials to Chinese Vice-President Ulanhu here today.

The new Japanese ambassador arrived here November 11.

**NPC Vice Chairman Meets Japanese Delegation**  
*OW171220 Beijing XINHUA in English 0901 GMT 17 Nov 87*

[Text] Beijing, November 17 (XINHUA)—Rong Yiren, vice-chairman of the National People's Congress (NPC) Standing Committee and chairman of the Board of Directors of the China International Trust and Investment Corporation (CITIC), met here today with a Japanese delegation for studying China's investment environment.

The 25-member delegation, headed by Ichikawa Shigeo, executive director of the Nippon Credit Bank, Ltd., was invited by the CITIC Industrial Bank and is also scheduled to tour Tianjin and Shanghai.

### Southeast Asia & Pacific

**Economic Delegation Concludes Burma Visit**  
*OW170945 Beijing XINHUA in English 1144 GMT 16 Nov 87*

[Text] Rangoon, November 16 (XINHUA)—The Chinese Government economic delegation will leave here for Bangkok, Thailand, today after concluding its visit in Burma.

During its stay here, an agreement on economic and technical cooperation between China and Burma and other three exchange of notes on moratorium were signed here today.



Under the agreement, China agrees to provide Burma with an interest-free loan which is to be used for replenishing the insufficiency of the expenses for the construction of Rangoon-Syriam Bridge, and covering other new projects which will be decided through consultations by the two governments.

A ground breaking ceremony for a cultural theatre, an economic aid project of China, was held here today.

The capacity of the theatre will be 1,500 seats with a floorage of about 10,000 square meters.

Sounds equipment and other facilities in the theatre will be advanced. The stage can be up and down. The theatre will be provided with facilities for simultaneous interpretation in three languages — Burmese, Chinese and English. The theatre will be the first modern theatre in Burma.

The Chinese delegation arrived here on November 12.

**Joint Economic Commission Meets in Bangkok**  
*OW171614 Beijing XINHUA in English 1600 GMT*  
*17 Nov 87*

[Text] Bangkok, November 17 (XINHUA)—The third meeting of the Sino-Thailand Joint Economic Commission opened here today.

At the opening session, Thai Deputy Foreign Minister Prapass Limpabadhu pointed out that the trade between Thailand and China in recent years has been developing rapidly. He hoped that both countries will strive to reach the 800 million U.S. dollar goal for their two-way trade by 1991.

Chinese Deputy Minister of Foreign Economic Relations and Trade Lu Xuejian expressed at the opening session China's willingness to develop friendly relations with Thailand.

The three-day meeting will be held in two groups, one will concentrate on trade, and the other on economy and investments.

It is disclosed that the trade group will fix the target for next year's bilateral trade. Last year, the trade value came to 350 million U.S. dollars. This year, it is expected to reach about 500 million dollars.

Among the subjects to be discussed by the economy and investment group will be cooperation on investments.

The joint economic commission was established in 1985. It holds annual meetings in the two capitals on rotation.

**Gu Mu Meets Australian Prime Minister**

*OW171010 Beijing XINHUA in English 1137 GMT*  
*17 Nov 87*

[Text] Perth, Australia, November 16(XINHUA)—Australian Prime Minister Bob Hawke met visiting Chinese State Councillor Gu Mu today in this capital city of Western Australia.

Gu, who arrived in Australia on November 14 for an official visit, briefed Hawke on China's just-concluded 13th National Congress of the Chinese Communist Party.

Gu said the agenda of the congress was focused on the deepening of China's reform and the expansion of the policy of opening to the outside world.

The newly elected central leadership of China marks a crucial step in the progress towards promoting more cadres of younger age, Gu noted.

Dwelling on China's policy of opening to the outside world, Gu mentioned the exploitation of China's Hainan Island.

Gu and Hawke also discussed the prospects of economic cooperation between the two countries. They shared the view that the Channar Iron Mine Agreement to be signed later today symbolized a new stage of Sino-Australian cooperation.

Under the agreement, the Chinese authorities and the Hamersley Iron Pty. Ltd of Australia will jointly develop the Channar Iron Mine at the Pilbara area in Western Australia.

Meanwhile, Hawke expressed to Gu the willingness of his government to expand bilateral trade with China and help promote Chinese products in Australia.

Gu and Hawke also exchanged views on international issues of mutual concern.

**Tian Jiyun Meets New Zealand Delegation**

*OW180643 Beijing XINHUA in English 1218 GMT*  
*17 Nov 87*

[Text] Beijing, November 17 (XINHUA)—Chinese Vice Premier Tian Jiyun met a New Zealand delegation of the Joint Trade Committee, led by Harry Clark, secretary general of the Ministry of Trade and Industry, here today.

During their cordial conversation, Tian said he hoped New Zealand China would develop cooperation in animal husbandry on Hainan Island, south China. The island will become a province and a special zone that will open wider than other parts of China to the outside world.

The New Zealand delegation is here for attending the 11th meeting the China-New Zealand Joint Trade Committee and for a goodwill visit to China.

### Near East & South Asia

#### Border Talks Delegation Concludes Meeting

##### Meets Gandhi

OW171946 Beijing XINHUA in English 1926 GMT  
17 Nov 87

[Text] New Delhi, November 17 (XINHUA)—Indian Prime Minister Rajiv Gandhi said here this evening that India wants to renew and revitalize relations between India and China for mutual benefit.

The prime minister made this remark while receiving leader of the Chinese delegation, Deputy Foreign Minister Liu Shuqing and some members of the delegation at the end of the eighth round of Sino-Indian official talks held here.

Recalling his meeting with Chinese Premier Zhao Ziyang in New York in 1985, Gandhi said it was a new turn in the relations between the two countries.

Liu said that China hopes for further development of the traditional friendship between the peoples of the two countries.

"The friendly relations between India and China are not only beneficial to our two countries but also conducive to Asian and world peace," Liu stressed.

Gandhi and Liu exchanged views on the border issue between China and India.

Both sides agreed that the issue is not difficult to settle if they adopt a positive approach and show their political will.

##### Issue Comments

OW171918 Beijing XINHUA in English 1903 GMT  
17 Nov 87

[Text] New Delhi, November 17 (XINHUA)—The eighth round of Sino-Indian official-level talks concluded here today with both sides determined to continue their efforts to seek a mutually acceptable solution of the boundary question existing between the two countries.

Chinese delegation sources told *Xinhua* that the talks were focused on the border issue. The Chinese side reiterated its consistent position on the issue and believed that a fair and reasonable settlement of the border issue could be achieved through friendly consultation and in a spirit of mutual understanding and mutual accommodation.

India stressed that time is needed to find a settlement of the border issue due to its complexity.

Both sides agreed to make joint efforts to develop the traditional friendship between China and India, and create a favorable atmosphere and condition for the settlement of the border issue, the sources said.

During the talks, both sides exchanged views on international issues of common concern. The discussions were useful, the Chinese sources added.

Indian Minister of State for External Affairs Natwar Singh met with the Chinese delegation led by Vice-Foreign Minister Liu Shuqing yesterday. Foreign Secretary K.P.S. Menon and head of the Indian delegation was present.

The ninth round of Sino-Indian official-level talks will be held next year in Beijing and the date will be decided later through diplomatic channels.

The Chinese delegation will leave here for home tomorrow.

#### Commentary Views Arab Summit Meeting

HK170855 Beijing RENMIN RIBAO in Chinese  
13 Nov 87 p 6

["Commentary" by RENMIN RIBAO Reporters Lu Zhixing(0712 1807 2502) and Zhou Guoming (0719 0948 6900): "A Good Beginning of Strengthening Unity Among Arab States"]

[Text] The 4-day special Arab summit meeting concluded in Amman on 11 November. The heads of state and representatives of the 21 member countries of the Arab League frankly and deeply discussed the major issues currently facing the Arab world on the principles of friendly consultations. They frankly expressed opinions and reached a basic consensus. This was a good beginning in eliminating their differences and strengthening their unity.

The Arab countries, which were deeply divided for a long time, are now experiencing a critical period. They ardently hoped to strengthen their internal unity through the special summit meeting so as to meet various threats and challenges. Based on this idea and the spirit of cooperation and understanding, the heads of state and representatives held many bilateral and multilateral talks and consultations during the summit meeting. This produced a gratifying cooperative tendency among the Arab nations. On 9 November, Iraqi President Saddam Husayn, Syrian President al-Asad, and six other heads of state attended a small-scale summit meeting chaired by Jordan's King Husayn. They discussed such sensitive issues as the Iran-Iraq war, the Gulf situation, and Iraq-Syrian relations. On 10 November, King Husayn and PLO Chairman 'Arafat held their second meeting

since the two sides suspended their political coordination in February 1986. Many Arab countries also called for restoring Egypt's membership in the Arab League and restoring the unity of the entire Arab world. Among all these activities, the most noticeable was the direct talks between the leaders of Syria and Iraq. The two sides, which had been embittered with each other for a long time, now agreed to begin eliminating their differences. Syria, which previously supported Iran in the Iran-Iraq war, agreed to hold a neutral position toward the war. This was regarded as a "historic achievement" of the Amman summit meeting.

The Iran-Iraq war was the most important subject of discussion at the summit meeting. At present, the continuing escalation of the war has further worsened the Gulf situation, and the military presence of some big powers has made the situation even more complicated and turbulent. Many heads of state at the meeting called for an immediate and all-round implementation of UN Security Council Resolution No 598. They all expressed willingness to make joint efforts to help the UN Security Council mediate between Iran and Iraq. In his speech, King Husayn said that he hoped that Iran and Iraq, the two neighboring Muslim nations, will stop their bloody conflicts as soon as possible and realize peace. Al Nuhayyan, President of the United Arab Emirates, pointed out that in order to prevent the expansion of the war, all parties concerned must negotiate and exercise restraint. The summit meeting decided to organize a 5-nation delegation headed by Syrian President al-Asad to visit Teheran and carry out mediation. The meeting expressed appreciation of Iraq's acceptance of the UN Security Council's resolution and its positive response to the peace proposals; at the same time, the meeting also supported the measures adopted by Kuwait and Saudi Arabia to safeguard their territorial security. The consensus of the meeting on this issue will support the efforts of the United Nations for prompting an Iran-Iraq cease-fire.

The participants achieved a smoother consensus on the issue of the Arab-Israeli dispute. The meeting pointed out that the essence of the Arab-Israeli dispute is the Palestine issue. The resolution of the 1982 Fez summit meeting was reiterated, stressing that only after all occupied Arab territory is recovered and the national rights of the Palestinian people are restored can peace in the Middle East be realized. The meeting supported the convention of an international meeting for Middle East peace under the chairmanship of the five permanent members of the UN Security Council with the participation of the PLO.

In the discussion on the Lebanese crisis, the meeting unanimously supported the principle of maintaining Lebanon's national unification and territorial integrity, and expressed sympathy for the sufferings of the Lebanese people in their protracted civil war. They indicated that measures will be adopted to help Lebanon overcome the crisis.

According to the demand of many countries, the meeting deeply and widely discussed the issue of the membership of Egypt in the Arab League. The meeting finally decided that member countries can independently determine their relations with Egypt according to their respective constitutions and laws.

The summit meeting was full of a positive atmosphere of frankness, understanding, and consultation. It achieved the expected purpose of eliminating differences, consolidating unity, and unifying the position of various members. This was the most successful Arab summit meeting since the 1982 Fez conference. Its results will have a positive influence on the development of the Middle East situation and on promoting the termination of the Iran-Iraq war and consolidating Arab unity.

#### **Pakistan President Receives Delegation**

OW180109 Beijing XINHUA in English 0637 GMT  
15 Nov 87

[Text] Islamabad, November 15 (XINHUA)—Pakistan President Mohammad Ziaul Haq last night praised China's family planning policy when he met members of the visiting Chinese population delegation in Rawalpindi, twin city of Islamabad.

The Chinese delegation was headed by Vice Minister Peng Yu who called on Prime Minister Mohammad Khan Junejo on November 12 soon after she arrived here for a 3-day visit to Pakistan.

During the meeting, they expressed satisfaction over the implementation of a collaboration program between the two countries on population welfare.

After a discussion of the program, the two sides agreed to increase cooperation in the field of population welfare. They decided to focus the collaborative activities in the coming years on research in demography and modern methods of contraceptives, data collection system, information education and communication and exchange of program personnel for short and long term training.

Pakistan's annual birth rate stands at 3 percent. The country has been making various efforts to reduce this rate.

#### **NPC's Zhou Gucheng meets Egyptian Delegation**

OW180531 Beijing XINHUA in English 0843 GMT  
16 Nov 87

[Text] Beijing, November 16 (XINHUA)—Zhou Gucheng, Vice Chairman of the Chinese National People's Congress Standing Committee, met a population delegation from Egypt, led by Dr. Maher Mahran, director general of the National Population Council of Egypt, here today.



### **NPC Delegation Leaves for North Africa**

*OW180043 Beijing XINHUA in English 1453 GMT  
13 Nov 87*

[Text] Beijing, November 13 (XINHUA)—Vice Chairman Wang Renzhong of the Chinese National People's Congress (NPC) Standing Committee left here tonight on a friendship visit to the Sudan, Morocco, and Libya at the head of an NPC delegation at the invitation of the parliaments of the three countries.

Deputy leader of the delegation is Wang Houde, deputy secretary general of the NPC Standing Committee.

### **Omani Envoy Hosts National Day Reception**

*OW180853 Beijing XINHUA in English 0808 GMT  
18 Nov 87*

[Text] Beijing, November 18 (XINHU)—Ambassador of the Sultanate of Oman to China, Mushtaq ibin 'Abdallah ibn Ja'far al-Saleh gave a reception here at noon today to mark the 17th anniversary of the National Day of the Sultanate of Oman.

Zhao Dongwan, Chinese minister of labor and personnel, was among those present at the reception.

## **Sub-Saharan Africa**

### **Sierra Leone Delegation Arrives in Beijing**

*OW180201 Beijing XINHUA in English  
0723 GMT 16 Nov 87*

[Text] Beijing, November 16 (XINHUA)—A delegation from the Sierra Leonean Parliament, led by its President William N.S. Conteh, arrived here this morning on a goodwill visit to China.

The delegation is here as guests of the Chinese National People's Congress (NPC) Standing Committee.

Greeting the guests at the airport was Liao Hansheng, vice chairman of the NPC Standing Committee.

### **NPC Hosts Banquet**

*OW170452 Beijing XINHUA in English  
1515 GMT 16 Nov 87*

[Text] Beijing, November 16 (XINHUA)—Parliament leaders of China and Sierra Leone today expressed satisfaction with the smooth development of friendly relations between the two countries which established diplomatic relations in 1971.

Liao Hansheng, vice chairman of China's National People's Congress (NPC) Standing Committee, and William N.S. Conteh, president of the Sierra Leone Parliament, spoke at a banquet given by the NPC Standing Committee in honor of a delegation from the Sierra Leone Parliament here this evening.

The two parliament leaders also stated their wish to further relations between parliaments of the two countries.

Liao noted that there are sound political and economic bases for friendly cooperation between China and Sierra Leone, as both countries belong to the Third World. He also expressed the belief that the visit of the delegation led by Conteh will help promote friendly cooperation between the two countries and peoples.

Liao praised the people of Sierra Leone for their efforts to consolidate their national independence, develop national economy, and safeguard African unity. He also paid tribute to the peaceful, neutral policy of nonalignment pursued by Sierra Leone in international affairs.

He reiterated that China highly appreciates the efforts of the African countries for unity and self-strengthening. "China will stand forever on the side of the African people and firmly support the people of southern Africa in their just struggle," he said.

In his reply, Conteh expressed his belief that the visit of his delegation will help promote friendly cooperation between the two countries.

He noted that Sierra Leone and China share identical views on many international issues. The governments of both countries are devoted to the maintenance of global peace and stability, which constitute the only means to ensure a healthy international environment.

"We firmly and consistently oppose imperialism, colonialism, expansionism, racial discrimination, and hegemonism in various forms," he added.

He also extended congratulations on the successful convocation of 13th National Congress of the Chinese Communist Party, which closed here 2 weeks ago.

The Sierra Leone visitors arrived here this morning on a goodwill visit at the invitation of the NPC Standing Committee.

### **Yao Yilin Meets Delegation**

*OW181103 Beijing XINHUA in English  
1303 GMT 17 Nov 87*

[Text] Beijing, November 17 (XINHUA)—Chinese Vice-Premier Yao Yilin met here today a delegation from the Sierra Leone Parliament led by President William N.S. Conteh.

During the meeting, Conteh spoke highly of the relations between Sierra Leone and China and thanked China for its assistance to his country.

Yao, who is also a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, replied that help has been mutual between the two countries, which know each other well through frequent contacts.

He also noted that the two countries share identical views and have coordinated well with each other on many international issues.

They also exchanged views on cooperation between the two countries [in] agriculture, forestry, fisheries and mining.

Liao Hansheng, vice-chairman of China's National People's Congress Standing Committee, held talks with the Sierra Leone delegation earlier today.

Liao and Conteh briefed each other on the work of their parliament and expressed the wish for further cooperation between the two countries.

### West Europe

#### Further on Li Xiannian's Visit to Italy

##### 'Text' of Li's Rome Speech

HK171422 Beijing RENMIN RIBAO in Chinese  
15 Nov 87 p 6

[XINHUA report: "Li Xiannian's Speech at Banquet Hosted by Italian President Cossiga"]

[Text] Rome, 13 Nov (XINHUA)—President Li Xiannian today delivered a speech at a welcoming banquet hosted by President Cossiga. The following is the text of his speech:

Mr President,

Ladies and Gentlemen:

Thanks to the president's warm invitation, I have this opportunity to visit the friendly country of Italy. The grand, enthusiastic welcome that we received when we set foot in your country and the exuberant speech that the president just delivered fully show the Italian people's friendly feelings for the Chinese people; they have touched me deeply. On behalf of the Chinese Government and people, and in my own name, I would like to express my heartfelt thanks to the president, the Italian Government, and the Italian people.

The Chinese people have always admired the Italian people. Wise and diligent, the Italian people created the brilliant ancient Roman culture before the Christian era. Later, they broke through the Dark Ages and launched the Renaissance that engulfed Europe. The Italian people carried out a dauntless and indomitable struggle

against the Fascist regime, and after the war created an "economic miracle" that astonished the whole world. Today, Italy is playing an important role in both European and world affairs.

Mr President: Safeguarding peace and seeking development are the two major fundamental problems that are placed before the world today, they are also the common tasks that the peoples of all nations are facing. Like the Italian people, the Chinese people—who have tasted the full misery of war—profoundly realize the value of peace. China's socialist modernization can be smoothly achieved only in a constantly stable, peaceful international environment. China steadfastly pursues its independent and peaceful foreign policy. We maintain that all countries in the world are equal and should respect each other, and we oppose the phenomena of larger countries oppressing smaller ones and stronger countries bullying weaker ones. We also oppose all forms of aggression and interference. We advocate the fair and reasonable settlement of all international disputes through peaceful negotiations, and we oppose armed force or the threat of armed force in international relations, as well as all forms of the arms race. We encourage the South-North dialogue and improvement of South-North relations in the interests of economic development in the world. We have tried our best to develop friendship and cooperation with all countries based on the five principles of peaceful coexistence. We do not determine our attitude toward others based on a comparison between our social system and theirs and between our ideology and theirs, nor will we ally or establish strategic ties with any big power.

China acknowledges Europe's position and role. We believe that both Western and Eastern Europe are important forces that can prevent war and safeguard peace. We wish to see a united and strong Western Europe, and also an improvement of the relations between Eastern and Western Europe. We appreciate the Italian Government's efforts to improve East-West relations and to promote South-North dialogue.

In our opinion, the key to the relaxation of the international situation and the safeguarding of world peace lies in the checking of the arms race and the elimination of regional conflicts. The United States and the Soviet Union recently reached in principle an agreement on the elimination of medium- and intermediate-range missiles. This is a gratifying development. But this is far from enough to rid the world of the threat of war. We believe that, in the interests of the security of all countries, all peoples should make further efforts. They should urge the United States and the Soviet Union to further substantially reduce and then eliminate all kinds of nuclear weapons, to ban space arms and chemical weapons, and to cut conventional arms by a wide margin.

Mr President: The Chinese people are now engaging in socialist modernization. Our goal is to upgrade the Chinese people's livelihood to a well-to-do standard by

the turn of the century, and then reach or get close to the level of a moderately developed country in 30 to 50 years. In order to achieve this magnificent goal, we have made brave explorations in light of the actual situation in our country; introduced a reform of the economic structure; and adopted the policy of invigorating the domestic economy and opening up to the outside world. And our efforts have resulted in conspicuous success. Having summed up our experiences and achievements in the reform over the past 9 years, the recently held 13th National CPC Congress decided to speed up and deepen the economic structural reform; further expand the opening up program; put the political structural reform on the order of the day; and have a new leading body that will be younger in average age. These important decisions will ensure the vitality of the party and state leadership and the continuity of our policies, and will have a great and far-reaching influence on China's construction and reform in the future.

China and Italy are thousands of miles apart. But our two countries began to exchange envoys, established trade relations, and had friendly relations in ancient times. The "Silk Road," which is well-known to the world, is the witness of the history of friendly relations between China and Italy; while the name of Marco Polo—the Italian traveler who made a long, arduous journey to China 700 years ago—has now become the symbol of the traditional friendship between the Chinese and Italian peoples. We are glad to see that this traditional friendship has shown new vitality since the establishment of diplomatic ties between China and Italy, and the development of friendly and cooperative relations between the two countries has received new impetus in recent years. The frequent exchange of visits between Chinese and Italian leaders has helped to enhance the mutual understanding and cooperation between the two countries. The three 3-year cooperation plans signed between the Chinese and Italian Governments are being implemented smoothly, and positive results have been scored. The volume of trade between China and Italy has increased substantially, and your country has become one of our major trade partners in Western Europe. Meanwhile, the exchanges between our two countries in the cultural, education, and scientific and technological fields have also been constantly expanding. Thanks to the opening of air services between China and Italy, a "Silk Road" in the air has been opened which has shortened the distance between our two countries. We sincerely hope that China and Italy will make concerted efforts to upgrade the friendship and cooperation between them to a new height, and see that such relations will develop steadily for a long time. This is not only in the interests of both the Chinese and Italian peoples, but is also favorable to the peace and development of the world.

Now, I would like to propose a toast:

To the prosperity of the Italian Republic and the well-being of the Italian people,

To the constant development of friendship and cooperation between China and Italy,

To President Cossiga's health, and

To the health of all the friends present at this banquet!

#### **Arrives in Venice 17 Nov**

OW180909 Beijing XINHUA Domestic Service  
in Chinese 1538 GMT 17 Nov 87

[Text] Venice, 17 Nov (XINHUA)—Chinese President Li Xiannian and his wife, Lin Jiamei, arrived in Venice—Marco Polo's hometown—via a special plane of the Italian Air Force this morning for a short visit.

Governor (Derota) of the Province of Venice and his wife greeted the Chinese guests at the airport. Wearing a tricolor red, white, and green (the colors of the Italian flag) waistband, Mayor (Laroni) warmly welcomed the distinguished Chinese guests to visit Italy's famous water city.

Venice was a key post in the west part of the "Silk Road," occupying an important position in the history of Sino-Italian friendship.

After Li Xiannian arrived at the airport today, he went to the city proper via a steamboat. When the steamboat reached the great canal, it was greeted by a flotilla of decorated boats. The leading boat was decorated like a Chinese dragon boat. Wearing red cloaks, the musicians on board played pleasant music to welcome the Chinese guests. The sailors held their long oars high to greet President Li Xiannian.

President Li Xiannian, his wife, and Vice Premier Qiao Shi returned the greetings by waving at the sailors, Venice residents, and tourists from various countries standing along the two sides of the river.

Li Xiannian disembarked at a pier near St Mark's Square at the center of the city. An overseas Chinese young girl presented flowers to President Li Xiannian and his wife.

Afterwards, Li Xiannian visited the magnificent Palace of the Grand Duke.

#### **Huang Hua Ends 4-Day Visit to Finland**

OW140246 Beijing XINHUA in English  
0211 GMT 14 Nov 87

[Text] Helsinki, November 13 (XINHUA)—Huang Hua, vice chairman of the National People's Congress of China, ended his four-day visit to Finland today.

During the visit, Huang met with Finnish President Mauno Koivisto and exchanged views with him on bilateral relations and international situation.



Koivisto said the Finnish people are interested in China's economic reforms and are concerned about their development.

Huang said that in its modernization reforms, China hopes to learn advanced technology and get managing experience from foreign countries including Finland.

He hopes the cooperation between the two countries will be strengthened in all fields.

Huang also met with Finnish Prime Minister Harri Holkeri.

**He Kang at Sino-Dutch Dairy Farming Seminar**  
*OW140225 Beijing XINHUA in English*  
1519 GMT 12 Nov 87

[Text] Beijing, November 12 (XINHUA)—China will expand technological exchange and economic cooperation in raising dairy cattle with foreign countries to promote the country's animal husbandry and dairy processing industries.

"These projects are being designed to help meet the increased demand for milk and dairy products," said He Kang, China's minister of agriculture, animal husbandry and fisheries at a seminar on Sino-Dutch dairy farming cooperation.

Zhou Dingnian, secretary general of China's Dairy Cattle Association, said, "China has a long history of dairy farming, but now lags behind in modern science and technology in the field."

Each person living in the world's developed countries consumes about 100 liters of milk a year, Zhou explained, but China's had only 1.85 million dairy cows at the end of 1986, which produced 2.9 billion liters of milk and per capita consumption was less than 3 liters per person.

Zhou also said many Chinese cities have a shortage of dairy products and, in order to alleviate this problem, the state has started encouraging state-, collectively- and individually-owned enterprises to get involved in dairy farming.

According to the minister, technological exchange and cooperation with foreign countries has been expanded in a bid to provide 10-15 liters of milk per person per year by the year 2000.

"The Netherlands are very advanced in breeding, raising, and managing dairy cattle, and in dairy processing and fodder producing," Zhou went on, "so we hope to further bilateral cooperation in these fields via the seminar."

Gerard van Empel, agricultural attache from the Dutch Embassy, said the Chinese and Dutch Ministries of Agriculture, Animal Husbandry and Fisheries have just signed a memorandum which includes extensive cooperation in animal husbandry equipment, food processing and scientific and technological exchange.

The Netherlands have realized China's need to step up dairy farming and are interested in introducing their dairy farming techniques here and providing equipment, Van Empel said, while expressing the hope of helping China improve its dairy farming to help the country realize its goals.

Van Empel also said he believes the seminar will be valuable to future cooperation in this field between China and the Netherlands, and will also provide an opportunity for the two countries to learn from each other.

**Austrian Federal Council Delegation Departs**  
*OW140922 Beijing XINHUA in English*  
1325 GMT 13 Nov 87

[Text] Guangzhou, November 13 (XINHUA)—The Austrian Federal Council delegation wound up its week-long visit to China and left here for home this afternoon.

The Guangdong political consultative conference gave a banquet here yesterday evening in honor of the Austrian guests at the White Swan Hotel.

The delegation, headed by its president Helga Hieden-Sommer, flew into Guangzhou on November 11 after its tour of Beijing, Shanghai, Suzhou and Guilin.

They visited some historic spots and industrial establishments in the province.

**East Europe**

**Tian Jiyun Meets Romanian Trade Minister**  
*OW180513 Beijing XINHUA in English*  
1215 GMT 17 Nov 87

[Text] Beijing, November 17 (XINHUA)—Chinese Vice Premier Tian Jiyun met Romanian Minister of Foreign Trade and International Economic Cooperation Ilie Vaduva and a Romanian Government trade delegation led by him here today.

Speaking of the good relations between China and Romania, Tian said economic cooperation and trade have grown smoothly.

"We are ready, on the basis of equality and mutual benefit and in light of what each side needs and can supply, to actively support the efforts of the two sides for furthering the economic and technical cooperation and bilateral trade," Tian said.



Vaduva said the Romanian leaders also attach great importance to the consolidation and development of the traditional relations between the two countries.

The Romanian minister held talks on trade between China and Romania for 1988 with Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin, this afternoon.

This evening, Zheng hosted a dinner in honour of the visitors.

They arrived here this morning.

**Beijing Mayor Meets Belgrade Assembly Head**

SK170740 Beijing BEIJING RIBAO in Chinese  
5 Nov 87 p 4

[Text] On the afternoon of 4 November, Mayor Chen Xitong met with Aleksandar Bakocevic, chairman of the City Assembly of Belgrade, Yugoslavia, at the municipal government office. Amid an atmosphere of sincerity and friendship, the two leaders shared views on the exchange between the two friendly cities of Beijing and Belgrade. Chairman Bakocevic came to China together with a delegation to attend the 40th anniversary celebrations to mark the founding of the Yugoslav Airline Company and the opening of aviation services between the Yugoslav Airline and Beijing, which was sponsored by the Yugoslav Airline Company.

Present at the meetign were Vice Mayor Han Boping and responsible comrades of departments concerned. Also present on the occasion were Zvone Dragan, Yugoslav ambassador to China, and (Lekic), Yugoslav minister-counselor to China.

**Deputy Procurator General To Visit E. Europe**

OW170926 Beijing XINHUA in English  
1151 GMT 16 Nov 87

[Text] Beijing, November 16 (XINHUA)—A Chinese delegation from the Supreme People's Procuratorate, led by Deputy Procurator-General Zhang Siqing, left here this morning on a goodwill visit to Hungary and Bulgaria.

They were invited by Szijarto Karoly, Hungarian chief public prosecutor and V. Mrychkov, Bulgarian procurator-general.

**Czechoslovak TU Delegation Arrives 17 Nov**

LD171459 Prague CTK in English  
0740 GMT 17 Nov 87

[Excerpt] Beijing Nov 17 (CTK correspondent)—A delegation of the Czechoslovak Central Council of Trade Unions, led by its secretary Viliam Kozik, arrived today on an official visit to China at the invitation of the All-China Federation of Trade Unions. [passage omitted]

**Commentator on View of 'National Condition'**  
*HK180316 Beijing RENMIN RIBAO OVERSEAS*  
*EDITION in Chinese 18 Nov 87 p 2*

[Commentator's article: "Focus Vision on Reality—On Having a Correct Understanding of the National Condition"]

[Text] In carrying out education in the basic line for the initial stage of socialism throughout the whole party, it is first necessary to carry out education on the national condition, to ensure that the comrades of the whole party will have a correct understanding of the present historical stage of our society.

Comrade Deng Xiaoping pointed out in 1979: "In carrying out democratic revolution in the past, we had to conform to the national condition by following the path opened up by Comrade Mao Zedong, of encircling the cities with the rural areas. We must also conform to the national condition when carrying out construction now, by following a path of Chinese-style modernization." There are many aspects of the national condition on which we need to have a clear idea, and the most basic national condition is that of which historical stage our society is now in. Our party has led the people of the whole country in building socialism for more than 30 years, but we certainly did not have a clear idea on this question for a very long time. Fundamentally speaking, the reason why, beginning in the closing years of the 1950's, we were impatient for success and blindly sought purity, regarded the development of the productive forces as something very simple and treated changing the production relations as more important than developing the productive forces, and thought that the transition to communism was by no means something remote because our understanding was divorced from objective reality and the national condition, and we did not comprehend and acknowledge that Chinese society was only in the initial stage of socialism. The 3d Plenary Session of the 11th CPC Central Committee reestablished the ideological line of seeking truth from facts, and our party seriously summed up the positive and negative experiences of socialist construction, and in particular made a profound review of the negative experiences. Only then were we able to gain an ever clearer understanding on this issue. The "Resolution on a Number of Questions in the History of the Party since the Founding of the State" adopted by the 6th Plenary Session of the 11th CPC Central Committee in 1981 proposed for the first time that "our socialist system is still in the initial stage;" This was reiterated in the political report delivered at the 12th party congress in 1982. The "Resolution on Guiding Principles for Building Socialist Spiritual Civilization" passed by the 6th Plenary Session of the 12th CPC Central Committee in 1986 reiterated this yet again and also gave some explanation on it. The recent 13th Party Congress has given a systematic exposition on the historical inevitability and the long-term nature of the initial stage of socialism, on the nature and characteristics of the initial stage, on its chief contradiction and

tasks, and on the guiding principles of long-term significance that we must adopt during the initial stage. This shows that the party's understanding of the national condition and the laws governing socialist development has attained a new plane. We have finally come back from heaven to earth. The initial stage of socialism that we speak of does not refer in a general way to the primary stage through which any country has to pass in entering socialism, but refers explicitly to a specific stage through which China must pass in building socialism under conditions of backward productive forces and undeveloped commodity economy. It is very evident that this thesis and concept are not copied from the Marxist classics, nor from patterns in other countries. They are wholly the products of the ideological line of seeking truth from facts put forward by the 3d Plenary Session of the 11th CPC Central Committee. That session had a well-known slogan: "Emancipate the mind, seek truth from facts, and unite as one to look to the future." The 13th Party Congress report reiterated this slogan. This slogan demands that our minds be emancipated from book worship and from foreign patterns and that we focus our vision on reality. There is no doubt that books must be studied and foreign experiences referred to. However, China's affairs must be handled according to China's conditions; we must proceed from China's reality in carrying out modernization. Acknowledging that China is in the initial stage of socialism represents a profound emancipation of the mind. We have finally returned to China's reality from books and foreign patterns.

To fully understand the fact that Chinese society is in the initial stage of socialism is the key to understanding the basic line and the series of principles and policies of the party in this stage, and also to understanding the spirit of the 13th Party Congress. Why must we regard the development of the productive forces as the central task and concentrate our efforts on developing the modernization program? Why must we uphold the four cardinal principles? Why must we persistently carry out reform and opening up to the world in an all-round way? Why must we develop diverse sectors of the economy, provided that public ownership remains dominant, and have diverse forms of distribution, provided that distribution according to work is the principal form? Why must we endeavor to build democratic politics on the basis of stability and unity? Why must we strive to develop spiritual civilization under the guidance of Marxism? And why must we continue to bring into play the revolutionary spirit of relying on our own efforts and building the country through arduous efforts? All these questions will be readily answered when we fully understand the theory on the initial stage of socialism. We will then know the how and the why.

People might think, as we have been building socialism for over 30 years, is it a retrogression to raise the question of the initial stage now? This kind of view is wrong. In the past we regarded the complete development of socialism as something very easy, and overestimated the degree of maturity of China's socialist society.

Thus, we raised some unrealistic slogans and did some stupid things that skipped over the stage. This not only hindered China's economic development but also lowered the prestige of socialism. Since the 3d Plenary Session of the 11th CPC Central Committee, we have truly respected objective reality, clearly understood the historical stage that China's society is in at present, and formulated realistic lines, principles, and policies, thereby giving China's socialist construction a new lease on life and scoring unprecedented achievements. It is evident that proposing that China is in the initial stage of socialism is not a "retrogression" but a perception of things as they really are. Seeking undeserved fame will only lead to disaster. Only by treating things as they really are, basing our efforts on reality, and transforming reality will we be able to truly forge ahead.

Maybe some might worry that people will feel discouraged because the thesis on the initial stage of socialism has been proposed in such a low-key way. Others might worry that this thesis might be used by certain comrades as a shield against arrows; if they fail to do their work well, they can stress that this was because we are in "the initial stage." It should be understood that the thesis that China's society is now in the initial stage of socialism was not put forward by someone at will but is determined by the level of development of China's actual productive forces. This thesis has accurately epitomized China's basic national condition in the current stage. Although the "key" is low, it conforms to reality and science. It will definitely inspire people to engage in reform and construction even more enthusiastically and work hard to put an end to China's poverty and backwardness as soon as possible. For a period in the past, the tune for communism was deafening. Although this tune was so loud, it was unfortunately far from reality. It made the masses suffer and really discouraged them. If there are people who use the initial stage of socialism as a shield against arrows, we should tell them that the initial stage can help keep people sober-minded and ensure that they do nothing that skips over the stage, and also that they should fulfill their tasks for the present stage realistically, cautiously, conscientiously, and outstandingly, and that under no circumstances should they use the "initial stage" as a pretext for following the beaten path or for attempting tasks and accomplishing nothing.

Some people may also feel: It is said that it needs "at least 100 years" to go through the initial stage of socialism, is this estimate too long? What we call the initial stage refers to the period from the time when the socialist transformation of private ownership of the means of production was basically completed to the time when socialist modernization will have been basically accomplished. That is, it is the period from the 1950's to the middle of the next century, roughly 100 years. The initial stage may also be called the stage of modernization. Actually, more than 30 of these "100 years" have already passed. Due to the fact that we are building socialism on the basis of a rather backward economy and culture, the

basic accomplishment of modernization is an extremely arduous task that cannot be completed in a short time. Haste makes waste. We should not forget the lessons of history in this connection. We must work harder than ever before and make arduous efforts in pioneering the great cause for 100 years. It will be much better if we are ideologically prepared in this way. On the question of the length of the initial stage, it is better to estimate a longer period rather than a shorter one. In view of the fact that we are prone to impetuosity on the issue of the development of socialist society, there can only be advantages in estimating a longer period, and there is nothing wrong with this.

Through conducting education in the basic line and bringing the understanding of the whole party on the national condition in line with the thesis on the initial stage of socialism, we will ensure that people are still more staunch and conscious in carrying out this line, and that they will continue to emancipate their minds, seek truth from facts, study the new conditions, solve the new problems, and continually press ahead with reform and opening up to the world and with the socialist modernization drive!

**New Management Systems To Categorize Cadres**  
*OW181157 Beijing XINHUA in English 1144 GMT*  
18 Nov 87

[Text] Beijing, November 18 (XINHUA)—All China's 27 million cadres are to be put under separate management systems, ending the existing system that put all cadres under the management of the central or local party organizational departments.

Personnel working in governmental departments will be the first to be separated from cadre ranks to establish a public servant system. They are to be managed by a special institution under the State Council, according to an official from the party Central Committee.

Various other systems will also be introduced to manage leading members and working personnel of party departments, state administrative, judicial and procuratorial departments, leading members and staff of mass organizations, and managerial personnel of enterprises and institutions, in line with the specific needs and conditions of each.

In his report to the 13th National Party Congress, Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, stressed that "we should work out different methods for managing personnel in different categories. This should be done in accordance with the principles of separating party and government, separating the functions of government from those of enterprises, and ensuring that administrators in charge of personnel have a command of professional knowledge so that they will do their work more intelligently."



Cadres in China include not only the leading members and personnel working in the party and government departments, but also the more than 350,000 legislators and judicial personnel, 10.8 million personnel working in education, public health and scientific and technological departments as well as 10.3 million managerial personnel in enterprises. Only about four million working in government departments can really be called public servants engaged in either political affairs or professional work.

The reform of the cadre managerial system and the introduction of scientific methods to manage the different categories is a must in order to deepen the ongoing economic reform and the reform of the political structure. "The overcentralized and unitary method of managing cadres in the past has lagged behind the social development characteristic of scientific and modern management," the official said.

As a component of the political structure of a given country, the cadre management system is closely related to the economic structure, he added. The former management system was established in conjunction with the founding of the country's centralized and unified economic and political structures in 1949. This system, the official said, proved to be correct and necessary at that time. It provided organizational support in the effort to consolidate the newly established state power, bring about a unity of politics, stabilize the economy nationwide, complete the socialist transformation and carry out large-scale economic construction, he added.

Over the past 30 years and more, the system was readjusted several times. However, the unending pursuit of a centralized and unitary political and economic systems made it impossible to fundamentally change the basic structure of the cadre management system.

In recent years, various experiments made in selecting, appointing checking and supervising leading cadres have provided some insights into reforming the management system. Nevertheless, the overall cadres management system has not yet been reformed fundamentally and many defects remain to be overcome. This is because the reform of the political structure has not yet been conducted on a large scale.

The introduction of the system of managing cadres in categories is conducive to the separation of the party and the government, and separating the functions of the government from those of enterprises. It will also help tap the initiative and creativity of cadres in the various categories, the official said.

#### State To Establish Civil Service System

HK180127 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 0801 GMT 15 Nov 87

[Report: "China Will Gradually Institute a Civil Service System"]

[Text] Beijing, 15 Nov (ZHONGGUO XINWEN SHE)—China will gradually institute a state civil service system. The overall scheme for reforming the cadre

management system has now been basically completed and will soon be gradually put into effect.

"State civil servants" in China refer to personnel exercising state administrative power and personnel conducting official state business. The former are leading government personnel performing their duties within their limited tenure of office according to the Constitution and law on organization, whereas the latter are government personnel taking charge of administrative affairs under a permanent system according to state ordinances or law on state civil servants.

According to a report in *Liaowang Overseas Edition* which will be published on 16 November, authoritative persons here pointed out that to institute a civil service system, it is first necessary to formulate and promulgate "ordinances on state civil servants." This work is very urgent because China's personnel management and legal system are imperfect and there are no standard rules on the training, employment, and promotion of state civil servants. Taking account of the fact that the conditions are not yet ripe for formulating a law on state civil servants, it is advisable to draw up "ordinances on state civil servants" first so that there are initial regulations on their management. Then the ordinances will be gradually amended and perfected in the course of their trial-implementation. The NPC will formulate a relevant law when conditions are ripe. During this period, individual rules will be worked out in coordination with the implementation of the ordinances.

In addition, management organs will be set up to take charge of state civil servants. The State Council will set up such a management organ, whose duties will be to take charge of the drafting of rules and regulations on civil servants, to make suggestions on the establishment of the relevant institutions, to assume responsibility for investigating and analyzing civil servants' positions, to give examinations to civil servants in charge of professional work, to work out programs for training civil servants, to guide various departments of the State Council as well as local government organs in the management of civil servants who take charge of professional work, and to exercise management over a certain number of senior civil servants on behalf of the State Council.

Persons involved in this work also suggested the setting up of a state administration institute to ensure the gradual improvement of the quality of civil servants.

**LIAOWANG on Zhao Wisdom, Work Style**  
HK180651 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 46, 16 Nov 87 pp 3, 4

[Article by Li Shangzhi (2621 1424 1807): "Zhao Ziyang at the 13th CPC National Congress"]

[Text] On the afternoon of 2 November, when the First Plenary Session of the 13th CPC Central Committee had just ended, newly-elected General Secretary Zhao Ziyang

and his four colleagues in the Political Bureau Standing Committee—Li Peng, Qiao Shi, Hu Qili and Yao Yilin—met several hundred Chinese and foreign reporters in the eastern auditorium on the second floor of the Great Hall of the People. Zhao talked cheerfully and humorously, and his statement was received with favorable comment. Some reporters made on-the-spot comments, saying, "The new CPC General Secretary is facing the world with a new posture" and "he meets friends from the whole world, and talks about world affairs. People praise his wisdom, manner, and eloquence."

As a reporter covering the whole process of the 13th CPC National Congress, I profoundly believe that Zhao Ziyang's wisdom is reflected not only in his meeting with Chinese and foreign reporters, but also in the whole process of the 13th CPC National Congress.

The report delivered by Zhao Ziyang at the 13th National Congress on behalf of the 12th CPC Central Committee was personally drafted by him. The key tone, outline, and structure of the report were based on his ideas. He presided over preparatory meetings of the 13th CPC National Congress, meetings of the presidium, election work, and closing session of the congress and the 1st Plenary Session of the 13th CPC National Congress. It is appropriate to say that the success of the 13th CPC National Congress was closely related with his work. No wonder that when Deng Xiaoping met Japanese friends, he said that he believed young people could do well.

#### "You Had Better Call Me By Name" [subhead]

During the 13th CPC National Congress, Zhao Ziyang was always smiling broadly. He was very energetic, treated people enthusiastically, and was also full of wit and humor. When he was once warmly greeting reporters, a reporter asked him: "You are general secretary and premier of the State Council. Should we call you General Secretary Zhao or Premier Zhao?"

"Don't call me general secretary or premier. I like people to call me my name. Just call me by my name," replied Zhao Ziyang with a smile.

"Don't you think that we will find it embarrassing to do so?" the reporter asked.

Zhao Ziyang said cordially, "If you find it embarrassing to call me directly by name, you may put 'comrade' before my name. You may call me Comrade Zhao Ziyang."

Zhao Ziyang added: "A person will eventually be called directly by name some day." All those present could not but be deeply touched by his sincere and frank remarks. Some people exchanged whispered comments. They felt

that Zhao Ziyang's remarks contained profound philosophical theories and were of great significance to the efforts exerted now to correct party work style and the general mood of the society.

#### "Keep Fit and Avoid Getting Fat" [subhead]

Zhao Ziyang is fond of chatting. During the 13th CPC National Congress, although he was busy, he liked to "chitchat" with people wherever there was a chance. When meeting with other delegates, he warmly shook hands with them and took the trouble to make detailed inquiries. He asked about the regions they came from, their departments, work, production, and so on. Before and after meetings, he liked to talk and discuss matters with people in the lounge.

When he once saw some veteran comrades sitting together, he chipped in with a smile and said, "Comrade Guoqing, how are you?" When Wei Guoqing said that he was all right physically, Zhao Ziyang gave him advice: "You should avoid getting too fat. Being too fat will affect your health." With a smile, he pointed to Fang Yi, who was standing nearby, saying: "You see, Comrade Fang Yi is not fat. I am sure that he is in good health and will have a long life." He also told several veteran comrades present: "If one wants to be healthy and have a long life, one must avoid being too fat. In addition, one must suffer from minor illness from time to time." Seeing some people laughing, he added: "If one suffers from minor illness from time to time, one can avoid sudden and acute illness."

Those present nodded their heads, favoring Zhao Ziyang's views.

Of the CPC leaders who are 60 or 70 years old, Zhao Ziyang and Wan Li are neither fat nor thin. They are in good health. When Wan Li once talked with me during the 13th National Congress, he told me that he owed his good health to playing tennis. He said that he played tennis for 2 hours almost every day. Zhao Ziyang also likes sports. He has persisted in jogging for several years despite wind and rain, cold and hot weather. Even during the 13th congress, he put on white sport shoes and jogged for more than 10 minutes in the morning. While jogging, he listened to a news report on the 13th congress over his pocket radio. During the congress, he was compelled to discontinue his other favorite sport, golf, because he was too busy. At ordinary times, he very often plays golf to keep fit during his spare time.

#### "I Am Also a Delegate" [subhead]

Zhao Ziyang is amiable and easy to approach. He talks freely in front of others and rarely cuts short other people's conversation. On the afternoon of 26 October, he attended a group discussion of Sichuan delegates. Seeing Zhao Ziyang come to his group discussion, Yang Rudai, head of the Sichuan delegation and party secretary of the province, invited him to make a speech. Zhao

Ziyang said: "You are all delegates of the 13th CPC National Congress; so am I. Why should I be especially invited to make a speech? You speak first, guys!"

In the presence of Zhao Ziyang, the delegates vied with one another to ask questions and put forward their demands. Delegates from the industrial front said that the decision-making power of their factories and enterprises was insufficient and hoped that the central authorities would further delegate power. Delegates from rural areas said that in recent years farmland capital construction was not firmly grasped and that the government failed to attach importance to the staying power of agriculture. Some delegates of intellectuals said that pay and conditions of intellectuals were comparatively poor. Some other delegates said that no efforts had been made to attach importance to the work of nurses.... People spoke one after another. They strived to be the first and feared to lag behind. Some delegates wrote down their opinions and proposals and then submitted their written statements to Zhao Ziyang.

While attentively listening to their speeches, Zhao Ziyang nodded his head, smilingly. Some delegates chipped in: "We have talked too much. It is now Premier Zhao's turn to speak a few words." Zhao Ziyang said: "I think we should encourage dialogue between different trades and regions. This will enhance mutual understanding between them. Workers, peasants, students, cadres, and intellectuals should mutually conduct dialogue. Government organs, enterprises, and urban and rural areas should also do so."

Zhao Ziyang added: Residents in towns and cities drastically oppose raising prices of non-staple foodstuffs, whereas peasants strongly urge raising prices of agricultural and sideline products and oppose raising prices of industrial goods. Some people have many complaints about the problem of wages. This is a big problem in our country. In recent years, the wages of physical laborers have increased more rapidly. The wages of taxi drivers are much higher than those of university professors. There are many irrational problems. When conditions are not yet available, we should not be too anxious to solve them. After enlivening the economy, some irrational things have occurred. We cannot solve them at one gulp. We will not achieve good results if we solve problems hurriedly.

Zhao Ziyang continued: In the process of reform, opening up, and enlivening, regulation of benefits is a major problem. Mutual understanding and mutual comprehension are necessary. Therefore, dialogue with the central authorities, or with Beijing, or with the government alone is not enough. We should encourage dialogue between various trades and services, various regions, and various departments. With such dialogue, mutual understanding can be reached on some issues. With such mutual understanding, it is easier to handle things. Although some problems cannot be solved quickly, mutual understanding can still be reached.

All delegates were wreathed in smiles when they listened to Zhao Ziyang's speech. They believed that it contained profound truth.

Zhao Ziyang likes to discuss matters with others. This is another facet of his character. At the group discussion of the Sichuan delegates, he discussed with the participants Sichuan Province's strategy for development.

Some delegates said: Sichuan is a populous province with vast territory, but it is economically backward. It has encountered enormous difficulties in the course of development. Zhao Ziyang said: "From Sichuan, I think of the whole country. The eastern, central, and western parts of our country should make use of their own strong points to develop their economic links with other regions. Such economic links should be based on commodity exchanges. Commodity exchanges are independent of man's will. Funds and technology are connected with costs and profits. They flow to places where there are benefits and profits. This is independent of man's will. I think you should emancipate your mind in this regard."

Some delegates asked whether the state should develop the western region of Sichuan. Zhao Ziyang replied in a manner of discussing matters with them: "I would like to express my ideas on this issue and see whether you agree." He pointed out: I think that when we are developing a certain region or trade, relying on the investment of the state is only one aspect of the problem. In the future, our eyes should not be fixed on the central authorities alone. What is more important is that we should employ a method of raising funds. Funds can be raised locally or in other places. They can also be raised abroad. It can be based on joint development and share of interests.

The remarks uttered by Zhao Ziyang helped delegates solve many problems.

#### Doing Work Well With the Support of the Whole Party [subhead]

Since his election as general secretary of the CPC Central Committee at the 13th CPC National Congress, Zhao Ziyang has stated time and again that his working ability and art of leadership are not equal to the highest leadership post of such a big country and big party. He can only do his work well under the leadership of the CPC Central Committee and with the support and help of 46 million members of the whole party. He stressed: Revolutionaries of the older generation such as Comrade Deng Xiaoping, Comrade Li Xiannian, Comrade Chen Yun, Comrade Peng Zhen, and so on are still alive and in good health. Although they take a lead in withdrawing from the Central Committee in the interest of abolishing the life tenure system and making the cadre corps younger, they have abundant practical experience, political experience, and wisdom. We hope they will still guide the work of our party.



Zhao Ziyang's remarks express the common desire of the new leading body of the CPC Central Committee. Judging things from this angle, it is obvious that there will be no problem regarding the long-term stability and continuation of the existing policy of the CPC.

### **Scholars Discuss 13th Party Congress**

HK180647 Beijing RENMIN RIBAO in Chinese  
18 Nov 87 p 3

[Dispatch by Reporter Zhu Huaxian (4376 5478 2450): "Experts and Scholars of Chinese Academy of Social Sciences Discuss Theory of Initial Stage of Socialism"]

[Text] At a meeting of experts and scholars in the circles of social sciences to discuss the spirit of the 13th Party Congress on the morning of 14 November, Hu Sheng, president of the Chinese Academy of Social Sciences, said: As the report to the 13th Party Congress points out, "at present, the study of Marxist theories in our party still lags far behind the progress of our great undertaking. Reform and opening up have been carried out for many years, but little has been done to study them theoretically or to explain them to the general public." Our theoretical workers should give deep thought to this issue.

Zhou Shulian, director of the Industrial Economics Institute, analyzed the backward condition of the theory in his research branch. He said: "As for the theory of industrial economics, although considerable development has occurred in this field over the past few years, some outmoded viewpoints still influence people's thinking and practice. In the study of issues concerning the ownership systems, the commodity economy, and the distribution systems, the theories still do not meet the requirements of the practice of reform. We should say that theoretical research also faces the task of reform, and we must continue to emancipate people's minds in this regard." Famous scholar Ren Jiyu expressed a more penetrating opinion by saying: We did not apply the Marxist methodology to the study of Marxism-Leninism in the past few decades; instead, our study method was something like the way the ancient Chinese scholars wrote explanations for the Confucian classics, with attention paid only to the books and the authorities rather than to the realities. We did little creative study in accordance with the basic principles of Marxism, and even if there were such studies, they would only have encountered opposition. The experience of Comrade Sun Yefang was a typical case.

In reviewing the tortuous course of the development of theoretical research in New China, the meeting participants all highly valued the theory of the initial stage of socialism and praised it for being full of a realistic, reformist, and explorative spirit. They said that this theory would play a great guiding and exemplary role in theoretical studies. Su Shaozhi of the Research Institute of Marxism-Leninism said: The theory of the initial stage of socialism is the result of the creative application of

Marxism and efforts to overcome the dogmatic understanding of Marxism and the erroneous viewpoints attached to Marxism. It replaces the viewpoint that the Soviet Union's pattern is the sole standard pattern for all socialist countries with the viewpoint that a variety of patterns may appear in the practice of socialism; replaces the viewpoint that it is easier to build socialism in a more backward country with the viewpoint that it takes a longer time for a less developed country to build socialism after the victory of the revolution; affirms the viewpoint that the productive forces form the final decisive factor for all social developments; and negates the viewpoint of talking about the abstract principles of socialism by separating them from the actual conditions and development of the productive forces. Xu Kui, director of the Institute of Soviet and Eastern Europe, said that the line and policies put forth by the 13th Party Congress are in line with our national conditions and also comply with the trends of modern socialism and the development of the times.

Some scholars said that our researchers in all the social sciences should broaden their vision and enter a new realm, and for this purpose, we need to create an academic environment of democracy and unity. Wu Jiemin, general secretary of the Chinese Academy of Social Sciences, said that we should allow, respect, and encourage the expression of different opinions and must not recklessly attach labels of rigidity or liberalism to comrades who air different opinions. President Hu Sheng expressed the wishes of all meeting participants by saying: "Imperfection is always the precursor of perfection. Deviations and one-sidedness should not be overcome with simplistic methods but should be overcome through scientific studies that link theory with practice. This will certainly enable us to raise our theory to a new and higher level."

### **NPC Standing Committee Continues Meeting**

#### **New Water Control Law**

HK180622 Beijing CHINA DAILY in English  
18 Nov 87 p 1

[By staff reporter Guo Zhongshi]

[Excerpt] China has drafted its first water law to tighten controls and improve management over the nation's limited water resources.

Introducing the Water Law Draft yesterday at the 23rd meeting of the Sixth National People's Congress (NPC) Standing Committee, Qian Zhengying, Minister of Water Resources and Electric Power, said such a law was urgent.

It was needed to both use and protect water resources, to guard against disasters and to build up a comprehensive management system of water resources.



China has total water resources of more than 2.8 trillion cubic metres, but the amount of water per person is lower than the average in the world.

China has exploited and utilized only about 17 per cent of its water resources, half that in the United States.

Despite the great achievements China has made in preventing disasters caused by water and in utilizing water resources, many problems still exist in the protection and management of it.

She cited the water shortage in the northern part of the country; serious water pollution; over exploitation of underground water in some cities, which has caused the ground level to sink, low prices and water disputes between regions and department.

The Minister said the goals of the law were exploitation and protection of water resources and an overall management plan.

Achieving planned and economical use of water was a basic policy in the law, she said.

The draft law stipulates that the exploitation and utilization of water resources should take into consideration many factors: flood prevention, water supply, drainage, irrigation, hydro-power projects, water transport, fisheries, prevention of water and soil erosion, and protection of the ecological balance, Qian said.

The draft law proposes a system of issuing licenses to people who draw water from rivers and lakes and those who drill wells as their own source of water.

Qian also touched on charging fees for the use of water, flood prevention, and new management systems.

As the first order of business yesterday, the NPA Standing Committee examined premier Zhao Ziyang's request to resign as Premier and the nomination of an acting premier. President Li Xiannian submitted Zhao's request and nomination to the committee.

The session also heard explanations of the organizational law of villagers' councils, rules of procedure for the NPC Standing Committee, supplementary regulations on penalties for smuggling, and supplementary regulations on penalties for graft and bribery. [passage omitted]

The meeting also heard a report by the Legislative Affairs Commission of the NPC Standing Committee on laws made before the end of 1978.

The reports said that of the total number of 134 laws and regulations, 111 have become invalid. Except for 11 laws and regulations already superseded by new laws, the

commission suggested that the committee declare the remaining 100 to be no longer effective. But the commission report said that decisions based on these laws in the past were still valid.

### Considers Smuggling Rules

OW171430 Beijing XINHUA in English 1300 GMT  
17 Nov 87

[Text] Beijing, November 17 (XINHUA)—Two supplementary regulations aimed primarily at punishing smuggling, embezzlement and bribery are now under deliberation at the 23d meeting of the Standing Committee of the National People's Congress (NPC) here today.

The two draft regulations provide heavier punishment for such offences as well as more explicit terms for the punishment of other economic crimes, according to a senior legislator.

Wang Hanbin, secretary-general of the NPC Standing Committee as well as the director of its Legislative Affairs Commission, provided explanations on the two regulations.

The decision of the NPC Standing Committee in March 1982 to punish economically serious crimes has been playing a great role in ensuring the smooth advance of the country's modernization drive, Wang said.

According to the supplementary regulations, Wang said those offenders smuggling narcotic drugs, weapons, ammunition, forging currency, gold, white silver and other valuable metals, smuggling rare cultural relics, animals and their products, and goods worth more than half a million yuan will be sentenced to death.

The regulations also say that whoever commits particularly serious offences in smuggling pornographic materials will be sentenced to life imprisonment.

Wang noted that an increasing number of smuggling cases have been committed by government institutions, enterprises, and social groups in recent years. Such cases, he added, will also be punished according to the regulations.

Enterprises, government institutions and individuals who sell smuggled goods or illegally deal in foreign currencies in violation of relevant regulations will be given criminal or administrative punishments or fines.

Offenders who embezzle more than 50,000 yuan will face the death penalty, while any offender embezzling more than 2,000 yuan will be jailed, the director warned.

Life imprisonment or the death penalty will be meted out to offenders who accept bribes worth more than 10,000 yuan, according to the supplementary regulations.

**Powerful Laser Nuclear Fusion Device Built**  
*HK181240 Hong Kong ZHONGGUO XINWEN SHE*  
*in Chinese 0915 GMT 18 Nov 87*

[Report: "China Builds Laser Nuclear Fusion Experiment Device With Instantaneous Output Power of 1 Billion Kilowatts"]

[Text] Xiamen, 18 Nov (ZHONGGUO XINWEN SHE)—Reports from the 1987 International Laser Conference indicate that China has on its own built a laser nuclear fusion experiment device [ji guang he ju bian shi yan zhuang zhi 3423 0342 2702 5112 6239 1395 7526 5944 4999] with an instantaneous output power of 1 billion kilowatts. This marks China's joining the ranks of advanced research in laser technology.

China succeeded in developing its first ruby laser and helium-neon laser, as well as many other solid lasers, in the early 1960's, putting its laser technology close to the world's advanced standard at that time. Now, with locally available raw materials, domestically made equipment, and its own technological know-how, China has again successfully built up its laser nuclear fusion experiment device and developed Raman-type and Compton-type free electron lasers, both showing a high potential in application. Meanwhile, China has also made many new achievements in research in both the basic theories and application of laser technology.

The 1987 International Laser Conference, which is being held here, is jointly sponsored by the China Optics Society, the China Electronics Society, and the China Physics Society. Experts and scholars from 26 countries and regions, including the United States, the Soviet Union, Japan, the FRG, the United Kingdom, France, and Canada, and their Chinese counterparts are attending the conference to exchange technological know-how and discuss the future development of laser technology. While the conference is going on, a 1987 International Laser and Photoelectric Technology and Product Exhibition is being held here.

**Fighter-Trainer Planes Pass Inspection**  
*OW170912 Tokyo KYODO in English 0850 GMT*  
*17 Nov 87*

[Text] Hong Kong, Nov. 17 KYODO—Sixteen fighter-trainer aircraft designed and developed by China for light training Monday passed military technical inspections, according to *China News Service*.

Called the "Qianjiao 7 type" fighter, the supersonic plane was designed to meet the flight training demands of the Chinese air and naval forces.

It is equipped with the same facilities as an ordinary fighter and is capable of engaging in dogfights and air-to-ground assaults, according to *China News Service*, a news agency for Overseas Chinese.

Since the newly developed plane enables China's military to attain a high degree of efficiency and provides low cost pilot training, it is expected to become the mainstay aircraft for use in flight training.

**Commentator on Lhasa Riots, Dalai Statement**  
*HK170745 Beijing BAN YUE TAN in Chinese No 20,*  
*23 Oct 87 pp 10-12*

[Commentator's article: "Lhasa's Riots and the Dalai Lama's Statement"]

[Text] Riots that were followed with interest by the world's people recently happened in the streets of Lhasa. Under the banner of "independent Tibet," a handful of individuals created disturbances and even used violence, attacked the police, wrested rifles, set fire to government offices, and brazenly challenged the unity of China and of the nationalities.

The great masses of the people furiously denounced the unjust actions of a small number of elements to split the motherland.

What warrants our attention is that the riots in Lhasa and the exiled Dalai Lama's words and activities in the United States recently coordinate with each other from afar. He issued a political statement at the House Subcommittee on Human Rights of the U.S. Congress on 21 September in which he advanced the so-called "five-point proposal for solving the Tibet question on a long-term basis" and he openly advocated "the independence of Tibet." Several members of the U.S. Congress who harbor evil intentions seized upon this opportunity to interfere in the domestic affairs of China under the pretense of "protecting the human rights of the Tibetans."

Summing up the Dalai Lama's "five-point proposal," its essence is merely two points: 1) Saying Tibet is historically an "independent country," and only was "annexed" and "illegally occupied" by China in the beginning of the 1950's and that it now should be "independent" and become a "buffer state" between the big Asian Countries; 2) making the accusation that Tibet is "one of the world's regions where violations of human rights are most grave" and fabricating stories about the migration of 7 million Han people into Tibet and the Tibetan people "having been stripped of all basic rights and freedom." All these are fabrications to deceive people.

Any person who has knowledge of the history and present conditions in Tibet, Chinese or foreigner, can understand that these views of the Dalai Lama cannot withstand a rebuttal. The fact is that historically Tibet has never been an "independent country" as claimed by the Dalai Lama, but has always been a part of China. Even though the past central governments had different methods of administering Tibet, they never abandoned the administering of Tibet. Speaking of the Dalai Lama

himself, since Dalai Lama V received a title from the Qing Dynasty Emperor Shun Zhi in 1653, for 300 years a total of 10 generations of "reincarnation" all received their titles from the central government, this became a fixed system. Is this not enough proof that the Dalai Lama's claim that Tibet has always been an "independent country" is an entirely unverifiable claim?

The Dalai Lama found a basis for an "independent Tibet"—namely, that the Tibetan race has its own unique culture and traditions. Not only that, he also listed the Manchu race, Inner Mongolia and the so called "Turkestan" (meaning Xinjiang) in the list of names that should be "independent." He thinks that these races and regions should be taken outside the territory of China to become independent countries. That the Dalai advanced this sort of viewpoint with hidden intent goes without saying. His "theory" is also absurd. In this world, far more than one country—that is China—consists of many races. The United States, where he expressed this sort of viewpoint, is a merger of almost all races in the world. There are Indians, who originally inhabited the American continent, and immigrants from Europe, Asia, and Africa. All these people of different races are not only very different in culture and traditions, but the color of their skin is also very different. According to the logic of the Dalai Lama, should they also divide and rule the United States?

Talking about so-called "human rights," it should be pointed out that Tibet in fact was one of the world's regions in which human rights were most gravely violated. The Tibetan people had also been stripped of all basic rights and freedoms. But this does not happen today—just the opposite, it happened under the serfdom system when the Dalai Lama ruled Tibet. Before the democratic reform of Tibet, the life and death of the masses of the Tibetan race and all power were entirely in the hands of the Dalai Lama and his men. Human rights were out of the question! After the democratic reform, millions of serfs joyously celebrated their liberation and the right they got to be human beings. People have seen this part of history with their own eyes. Now, the Dalai Lama has gone to the U.S. Congress to talk glibly about "Human rights" in Tibet. This really makes people not know whether to laugh or cry.

Regarding those several congressmen of the Human Rights Sub-Committee of the U.S. Congress, even though they adopted a posture of grief and compassion and made a great show of being in earnest by adopting a resolution to support the Dalai Lama and even wrote a letter to the leaders of China for this purpose, who among them really understands the history and present conditions of Tibet? This rash act of theirs in trespassing over other people's fences and in interfering in the domestic affairs of China is contrary to the spirit of the three declarations on relations between China and the United States. Isn't it? How could the dignified congressmen act in such manner?

There is no lack of people internationally who really care for the Tibet question. Former U.S. President Jimmy Carter, who is famous for safeguarding human rights, pointed out in June this year after conducting an on-the-spot investigation in Tibet that "I saw with great pleasure this time that people who believe in religion in Tibet enjoy freedom of belief in religion." He told Chinese leader Deng Xiaoping "I am the owner of a farm. I got a very good impression of the development of agriculture near Lhasa." FRG Chancellor Kohl pointed out in July during his visit to Tibet that the atmosphere in Tibet is harmonious and that he had a deep impression of the diligent efforts to improve the life of the people in Tibet. Those who have the greatest right to speak are the 2 million people in Tibet. They rejoice in welcoming the golden era of their own history. They denounce angrily the actions that sabotage national unity and divide the motherland. The actions of the Dalai Lama clique cannot win the hearts of the people.

Undeniably, a number of people in Tibet are not satisfied with the unification of the motherland. In every society there can exist a small number of hostile elements; there can also exist a group of followers with different aims. This is nothing to be surprised about. China is a country comprising many races. The unification of the state and the unity of the races is where the basic interests and benefits of the people of all races throughout China lie and definitely cannot be allowed to be sabotaged by a small number of individuals. Tibet and every place in China is marching forward in the reforms and gradually shaking off poverty and backwardness in the development. In real life, things may not be ideal, but this definitely cannot become an excuse for sabotaging social order and even trying to divide the motherland. The individuals who tried to realize their illegal demands by using violence should be restrained according to the law. Otherwise, social stability cannot be protected and the basic interests and benefits of the broad masses of the people cannot be safeguarded.

Using the trick of rumor-mongering to mislead the people has been always rejected by the people; actions to divide the motherland will definitely be spurned by the people. The riots in Lhasa and the statement of the Dalai Lama are all negative teaching materials in teaching the broad masses of the people to safeguard the unity of the motherland.

**Hu Qili at Foreign-Language Book Exhibition**  
*OW181139 Beijing XINHUA in English 1326 GMT*  
15 Nov 87

[Text] Beijing, November 15 (XINHUA)—An exhibition of foreign-language books opened at Kulun Hotel here today.

On display at the exhibition named "Know China Through Books", were more than 5,000 books in 20 foreign languages. They include the Chinese Communist



Party and Government documents, Chinese laws, writings by Chinese leaders, biographies, academic writings, fiction, language and reference works, children's books, and fine art volumes.

The exhibition, which will run for a week, was sponsored by the Foreign Languages Publication Administrative Bureau under the Ministry of Culture.

Hu Qili, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, Vice Premier Wan Li attended the opening ceremony, together with foreign diplomats and other foreign nationals working in China.

China has published more than 17,000 kinds of books in foreign languages since 1949. There are over 20 Chinese newspapers and magazines in foreign languages including *China Daily*, *Beijing Review*, *China Pictorial*, *Chinese Literature*, *China Reconstructs*.

**Li Peng Addresses Technological Conference**  
*OW180101 Beijing XINHUA in English 1547 GMT*  
13 Nov 87

[Text] Beijing, November 13 (XINHUA)—Vice Premier Li Peng said today that technological progress is still an important way for promoting the development of industrial production.

He told the Fifth National Conference on Technological Progress the Chinese enterprises have made big progress in technical transformation and they must persist along this line, which requires less investment but yields quick returns.

He said that this was true not only for the old enterprises but also for other enterprises to expand production capacity.

He stressed the efforts to display the advantages of cooperation, especially in funds and other production factors.

He told the conference that the principal task for 1988 is to strive for a stable development of the whole national economy and bring the economic reforms into depth.

The stable economic development will create a favorable environment for reforms and in turn the deepening of reforms will prepare better conditions for a stable development of the national economy.

Though there might be many difficulties, he said, there are also many favorable factors.

He called for a rational and proper growth for 1988.

He urged all enterprises to deepen their reform in management and major and medium-sized enterprises to introduce and perfect the contract responsibility system and make greater efforts to tap production potential, lower material consumption and further improve economic results.

**Song Jian Article Discusses 'Spark Plan'**  
*HK180901 Beijing LIAOWANG No 45 in Chinese*  
9 Nov 87 p 15

[Article by Song Jian (1345 0256): "The Origin and Prospects of the 'Spark Plan'"]

[Text] There are 800 million people in China's countryside. Since the 3d Plenary Session of the 11th CPC Central Committee, the rural policy has been relaxed and the contracted responsibility system put into practice. The peasants' enthusiasm has been aroused tremendously. Great increases have been registered in the output of grain, cotton, and cash crops. Marked progress has also been made in the people's standard of living.

However, the traditional concept of the natural economy remains dominant and the concept of commodity production has not yet been universally established. Labor productivity is very low. Therefore, the question of getting rich remains unresolved, although the question of clothing and feeding the people has been solved. The annual rural income of \$200 per capita cannot possibly make the people rich.

Premier Zhao Ziyang said in 1982 that science and technology should be oriented toward economic construction. We have realized that science and technology should help the peasants get rid of the traditional mode of production of the natural economy and shift their production to the track of the commodity economy. The responsibility of the scientific and technological personnel is to help the peasants exploit resources in the countryside, raise labor productivity, improve their mode of production and way of life, develop the rural industries, and take the road to agricultural modernization.

The countryside has a population of 800 million, 360 million of whom are able-bodied workers. Thus, there is an enormous surplus in the labor force. We should not follow the track of some Western countries of letting the peasants who go bankrupt go to cities to find jobs. As China's cities can accommodate only a very small labor force, the peasants should be helped to run local factories for processing farm products, develop livestock breeding and fish farming, and exploit local natural resources. In short, the peasants leave their farmland but not their townships, where they can engage in commodity production and create wealth for society; they do not have to swarm into the cities.

We put forth the idea of the "spark plan" in 1985. According to the plan, various possible means are used to mobilize scientific and technological personnel to go to the rural areas to help the peasants set up town and township enterprises and factories and create wealth for society by applying modern scientific and technological knowledge in turning out new products in 12 sectors, including agriculture, livestock breeding, fish farming, building construction, mining, and the processing industry.

The purpose of the "spark plan" is to use science and technology and guide the peasants to establish new factories to change their mode of production and way of life and follow the path to industrialization and modernization of the rural areas.

Announced in 1985, the "spark plan" aimed at three targets: To set up exemplary small enterprises in rural areas, to train personnel for rural areas, and to produce equipment for town and township enterprises. At that time, it was proposed that 500 exemplary enterprises would be built, 1 million personnel trained, and 100 varieties of equipment for rural use manufactured in 5 years. Actually, in only 1 year, during the 1985-1986 period, 4,000 small exemplary enterprises were built, eight times the number specified in the 5-year plan, and 1.15 million personnel were trained. The 5-year plan was fulfilled in 1 year. Last year's investment was 2.3 billion yuan, the annual output value was 10 billion yuan, the input-output ratio was 1:5, and the profits amounted to 2.5 billion yuan. The money invested was recovered in 1 year.

At the very outset, the "spark plan" won the firm support of Premier Zhao Ziyang and Vice Premier Wan Li and was warmly welcomed by the peasants. It is now known to every rural household. There are even some old women who want to join in the plan.

Various local governments regard the "spark plan" as the key to modernization in rural areas. They have formulated highly preferential policies to attract the scientific and technological personnel to go to work in the countryside. They encourage scientific and technological personnel to set up town and township enterprises and serve as factory directors, chief engineers, and advisers to lead the peasants in getting rich. They treat these personnel with great respect and give them preferential treatment. The peasants call them "gods of wealth."

More and more intellectuals are going to the countryside. There are also many difficulties: 1) They want to go, but their units will not relieve them. 2) The preferential policies are not implemented. 3) Funds are lacking and, as money is tight this year, the banks issue fewer credit loans. 4) Legislation regarding town and township enterprises falls short of the demands of the times, and so forth.

Facts show that the "spark plan" is fruitful in China. Last year the output value of the town and township enterprises amounted to 330 billion yuan, and the annual growth was 20 to 30 %. The plan for the total agricultural output value was fulfilled in 1986. If the annual growth remains at 20 %, the output value of the town and township enterprises will, in 5 years, surpass China's total industrial output value. By the year 2000, it will exceed \$1,000 billion and become the most important component of China's GNP. Last year, 70 million rural laborers, or one-fifth of the rural labor force, turned from agriculture to industry. It is estimated that in 5 years' time, 50 % of the rural labor force will turn to the town and township enterprises.

An analysis is needed to determine whether the "spark plan" can be used as an example for developing countries. Some African friends came to China last year to study the "spark plan." The World Bank has also studied the "spark plan" this year. In my opinion, this should be decided by each country according to its conditions. There is an English saying: "One man's meat may be another man's poison." Nevertheless, a glorious task for the scientific and technological circles is to help the peasants develop a new mode of production and a new way of life. A philosopher once said: "It is the duty of a person who has had the fortune to master science and technology not to become intoxicated with self-satisfaction but to serve the people. That science and technology should serve the people is a point applicable to any country."

**Tiananmen Rostrum To Be Opened to Public**  
*OW171444 Beijing XINHUA in English 1132 GMT*  
17 Nov 87

[Text] Beijing, November 17 (XINHUA)—The Tiananmen Rostrum, which has been closed for 38 years since the founding of New China, will open to the public on January 1, 1988.

This is one of several tourist attractions set for 1988, Beijing's international tourism year. Bo Xicheng, director of the Beijing Tourism Bureau, told a press conference here today.

Tourists from Hong Kong, Macao and overseas countries will be able to climb the 570-year-old rostrum by paying 30 yuan (about eight U.S. dollars) in foreign exchange certificates for a ticket. Chinese tourists will be required to pay the same amount in renminbi.

The gate ticket is much more expensive than at other tourist sites because the rostrum, as a symbol of the Chinese nation, is a highly treasured cultural relic, the official said.

"In order to protect it, we have to limit the number of visitors by charging high prices," he added. Chinese visitors will obtain the tickets through their work units.

The government has spent huge amounts of money in renovating the rostrum since 1949, Bo said.

Late Chairman Mao Zedong declared the birth of the People's Republic of China from the rostrum on October 1, 1949, which became China's national day. Since then, it has been opened only to Chinese leaders and distinguished foreign guests during the country's major festivals.

In recent years, war heroes, model workers and delegates to national congresses have also been invited to visit it.

Visitors will be able to view video and documentary films depicting the celebrations of the founding of New China and the 35th national day celebration, and take photos from on top.

The rostrum was originally called Chenganmen when it was first built in 1417. It was renamed Tiananmen in 1651 after being rebuilt.

With five arch-shaped gates, the rostrum used to be the southern gate of the Forbidden City for the Ming (1368-1644) and Qing (1644-1911) Dynasties, and was used by emperors to announce imperial edicts at grand celebrations.

Painted in red, a traditional wall color, and covered by golden glazed tiles, the rostrum radiates a grand yet solemn atmosphere.

#### **Wang Jingwei's Diary Donated to Archives**

HK170801 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 1147 GMT 12 Nov 87

[Report By Reporter Yu Jun (0060 0193): "Wang Jingwei's Diary Is Discovered in Shanghai"]

[Text] Shanghai, 12 Nov (ZHONGGUO XINWEN SHE)—The mystery of Wang Jingwei's diary was unveiled in Shanghai today. Today, the couple, Zhu Jingzheng and Fang Keng, both of whom are members of the China KMT (Kuomintang) Revolutionary Committee, presented "Wang Jingwei's Diary" to the Shanghai Archives, thus putting an end to the long-term disputes in the historical science circles over the question of whether Wang Jingwei had left over a diary or not.

Wang Jingwei's diary was kept in a dark red hard-cover U.S.-made diary notebook. The diary was written in black ink. Although the characters are small, they are clear. Wang Jingwei recorded the year according to the Christian calendar and the date according to the traditional Chinese calendar. The whole diary was written in vernacular.

"Wang Jingwei's Diary" contained nearly 40,000 Chinese characters. The diary was dated from 1 January, 1940 to 15 January, 1944, which covered a total of 4 years and 25 days. The diary recorded the No 1 traitor

Wang Jingwei's political activities from the time when he surrendered himself to the enemy and how he planned to establish the puppet regime headed by himself to the time of only 10 months before his death. The detailed whereabouts of Wang Jingwei recorded in the diary can help to correct some views contained in some published works about Wang Jingwei's puppet regime and provided more information about Wang Jingwei. The diary is of great value to the study on the No 1 traitor Wang Jingwei and to the study on the 1940-1943 history of the puppet regime headed by Wang Jingwei. The diary is a very precious original archival material.

According to Madam Fang Keng, the diary was originally kept by Zeng Zhongming, the husband of her father's sister. Zeng Zhongming was once the secretary to Wang Jingwei. Before Fang Junbi, wife of Zeng Zhongming, left the mainland in 1949, she gave Wang Jingwei's diary to her niece Fang Keng and her niece's husband and asked them keep it. During the "Cultural Revolution," Wang Jingwei's diary was confiscated when Fang Keng's house was searched. However, the diary was returned to Fang Keng and her husband in 1979. After some discussions within the family, Fang Keng and her husband decided to donate Wang Jingwei's diary to the state.

The departments concerned in Shanghai City highly praised the patriotic action of Fang Keng and her husband. Today, the Shanghai Archives presented a certificate of merit and a money award to Fang Keng and her husband.

#### **8-Year Economic Restructuring Plan Studied**

HK180811 Hong Kong TA KUNG PAO in Chinese  
17 Nov 87 p 1

[Special dispatch: "State Restructuring of the Economic System Commission Studies 8-Year Economic Restructuring Plan"]

[Text] Beijing, 16 Nov (TA KUNG PAO)—Our reporter learned from related sources that the State Restructuring of the Economic System Commission has recently held a meeting to study the formulation of "the 1988-1995 Medium-Term Program for Reform of the Economic Structure" in order to lay a foundation for China's economic takeoff in the 1990's and the 21st century.

The program will include three stages, that is, a 3-year (up to 1990), 5-year (up to 1992), and 8-year (up to 1995) stage. It is envisaged that by 1995 the framework of a new economic structure will have basically been established. According to reports, the Chinese Academy of Social Sciences, the State Council's Economic, Technological and Social Development Research Center, the State Council's Rural Development Research Center, and the State Planning Commission will put forward comprehensive plans designed respectively by them. The



State Restructuring of the Economic System Commission will integrate these plans with plans for reforms of special topics put forward by various groups for special topics of the commission and put forward the final comprehensive plan.

**Commentator Urges Development of Poor Areas**  
*HK170945 Beijing RENMIN RIBAO in Chinese*  
14 Nov 87 p 2

[Commentator's article: "Do A Good Job in Helping Poor Areas in the Spirit of Reform"]

[Text] Recently, the State Council issued a circular "On Strengthening Economic Development In Poor Areas." This is another important document after the circular jointly issued by the party Central Committee and the State Council in 1984 entitled "On Helping Poor Areas Put On a New Look as Soon as Possible." This document bears an important guiding principle in the economic construction of our country's poor areas. The development of poor areas is related to our country's overall economic development. The state has done a great deal of work and put in a great deal of material and money in relief of the poor. However, for a long period of time the state has only been providing relief, giving out food and clothing year after year. This met urgent needs but did not help much in the economic development of poor areas and, to a certain extent, brought about a dependent mentality among some people.

Practice has demonstrated that assistance from the state to poor areas is essential if basic conditions for economic changes in poor areas are to emerge. However the methods of assistance must also be reformed, otherwise it will be impossible to bring the internal impetus for economic self-development in poor areas into play. In recent years, and especially since last year, the party Central Committee and the State Council have implemented drastic reforms in this aspect. They have changed from solely providing relief to helping key development of commodity production and thus changed the fundamentals in assisting the poor. We can say that economic development in all of the poor areas has begun and the results are obvious. In areas which have done well the economy has entered a new stage.

The first step of the reform is successful. However this is only the beginning of this enormous effort toward the economic development of poor areas. The future task is arduous. To fulfill the goal of solving the food and clothing problem for the majority of the people in the "Seventh 5-Year Plan" requires a great deal of effort. The key tasks at present are to grasp, implement, and deepen reform.

Implementation means, according to different conditions in various places, translating the line, policies, and economic developmental plans of the central authorities into specific measures and plans, and implementing them in each poverty-stricken household so that people

will obtain practical and effective assistance, and gradually step out on the road toward wealth by developing mainly commodity production. This is a hard task and not a soft instruction. It is necessary to adopt thorough methods in carrying out meticulous work among households and families, and avoid using increases in average income of peasants in some areas to cover the fact that a great number of poor households still exist.

Reform means to carry on implementing those reform measures which have proved effective in continuing to make new breakthroughs. It is necessary to change the traditional method of solely depending on the administrative setup to relieve the poor. We should boldly use the talented in the villages and let them take the lead in setting up various economic bodies for poor relief. We should introduce the competitive mechanism into the economic development of poor areas; determine developmental projects; invite public bidding and contracts; guide and promote the development in poor areas which will coordinate with the development of prosperous areas; and distribute capital funds according to usage returns as much as possible. We should give more to those who use the funds well, and give less or nothing to those who do not, so as to raise the usage returns of the funds.

The economic development and reform of poor areas is not only the concern of those in the poor areas but also a common undertaking for people throughout the country. We hope more enterprises, industries, and units, and those with lofty ideals in the comparatively advanced areas, will give more attention to this great matter and actively offer plans for relieving the poor as soon as possible, and for the development of the wealth and prosperity of the whole nation.

**Article on Investment Structure Reform**  
*HK180953 Beijing RENMIN RIBAO in Chinese*  
13 Nov 87 p 5

[Article by Tian Chunsheng (3944 2797 3932) and Kong Yongxin (1313 3057 2450): "Tentative Views On Reform in All Aspects of the Investment Structure"]

[Text] The Investment Structure Should Be Subject to an Overall Coordinated Reform [subhead]

After a few years of readjustment and reform, some important proportions in our national economy are showing a trend toward harmony and the national economy is showing sustained and balanced development. But given too large an amount of investment and an irrational investment structure, the relatively poor results of investment still represent a prominent problem in our economic life. We may trace the main underlying factors to the following: There is no clear distinction between regional and enterprise investment scopes and limits of authority. A clear distinction between funds from the budget and money from bank loans is not



drawn. Investment behavior is divorced from responsibility, authority, and benefits. There is no responsibility for risks through an investment error. Nor can the investors share in results produced. In macroeconomic investment management, after a fundamental failure with the use of direct administrative means, a way has yet to be found to exercise effective macroeconomic guidance over large amounts of extra-budget investment money. There has been a weakening in restraining the enterprise use of investment funds. The role of bank credit cannot be fully exploited.

The reform of the investment system is a key to the further deepening of the economic reform. Investment behavior restrained by an investment system is a primary factor that determines a series of important proportionate relations in the national economy. The investment system also directly involves the economic relations and the distribution of rights and interests between the state and an enterprise and involves a distinction between economic management functions and powers of control over financial and general matters among the central authorities, given areas, and various departments. It has a great effect on realizing effective macroeconomic control and management, enlivening enterprises, and stimulating the coordinated and steady development of the economy. To promote and deepen the reform of the investment system, we should, on the basis of separate reforms carried out in the past few years, effect an overall coordinated reform in regard to decision making, investment of funds, the carrying out of an investment program, and so forth. Only in this way can a new investment structure suited for the development of a planned commodity economy be formed, with macroeconomic control realized and microeconomic vitality called into full play.

#### Reform the Investment Decisionmaking System [sub-head]

The reform of the investment decisionmaking system means that simultaneously with a rational delineation of the scopes of investment, we must allow decisionmaking at different levels, improve the targets and means of investment macroeconomic control, appropriately perfect the enterprise investment mechanism, and establish a scientific decisionmaking system that combines responsibility, authority, and benefits.

Given a reform of the economic system and relatively great changes in the pattern for the distribution of national income, the proportion of central revenue has shown a drop, with a big increase in extra-budgetary funds. The investment projects taken up by the state far exceed what it can afford. Investment in key construction projects is inadequate. Large amounts of extra-budgetary money are further put in general processing industries and nonproductive construction, thus making the investment portfolio more irrational and aggravating the tense situation of shortage in such national economic sectors as energy, communications, raw materials, and so

forth. To change such a situation, we should clearly define government (central and regional) investment and enterprise investment scopes as quickly as possible and change the state of the central government intervening in too many things and being incapable of bearing the burden.

Some of the key projects must be handed over to local governments and enterprises so that they can invest in them. Investment in some commercial industries must be chiefly undertaken by enterprises (consortiums). In line with the investment targets undertaken by the main investors at various levels, we must reform matters of profits and taxes and clearly define the power of control over financial matters among various main investors, bringing control over business matters basically in line with control over money matters.

With the scopes of investment defined, we must appropriately delegate the power of investment decision making and practice the system of decision making at various levels, changing the present practice of the State Planning Commission intervening excessively and exercising excessively rigid control. Central government investment decisions are to be made by the State Planning Commission, or investment companies, and local government investment decisions made by planning committees at various levels, or local investment companies. Some small central and local investment programs can be decided upon by specialized banks in charge of central and local capital construction funds. Except for unusually large programs to be examined and approved by the State Council or the State Planning Commission, all enterprise (consortium) investment programs are to be independently decided upon by enterprises (consortiums) in line with the state's macroeconomic development strategy, planning for a given trade, relevant industrial policies, and market needs. The state no longer directly intervenes in enterprise (consortium) investments as it effects regulation and exercises guidance through such levers as state investment in partnerships, shareholding, credit, taxation, pricing, and so forth. Enterprises (consortiums) thus gradually establish their leading position in making investment decisions. Various main investment decision makers assume appropriate responsibility for their own decisions.

The state should exercise macroeconomic control over investments on the basis of the magnitude of value of funds as the center. Concerning the government's share of investments, a state and local capital construction fund should be established. The total amount of investment is controlled every year through plans for the fund. Investments are arranged to the extent of the money available, with some room left. Enterprise (consortium) and individual shares of investments are incorporated in the whole social amount of investment in line with financial and taxation policies and forecasts about enterprise and individual investment capacities. Bank investment loans must be arranged accordingly on the basis of a comprehensive balance of revenue and loans. Social

funds that can be mobilized through the medium of credit must be put to the fullest use, with the results of the use of funds brought into full play. At the same time, we cannot allow credit to exceed input, artificially creating a swelling demand. The key to macroeconomic control with funds as its center lies in bank investment credit. This is not just embodied in the substantial amount of credit made by a bank itself. More important, bank investment credit has a catalytic and restraining effect on the whole social investment pattern. Not only does the government need loans for investment purposes but large numbers of enterprises' investments are especially inseparable from bank loans. Given the not very developed situation of directly helping each other with funds in our country at present, how large the volume of bank investment loans is, and whether loans are made for certain items have a direct decisive effect on the total amount of investment and the number of construction projects in society in a given period. We must learn how to handle this bank "switch," continuously regulating the investment "flow" and maintaining a proper amount.

The readjustment of the investment mix is another important task of investment macroeconomic management. We must make a switchover from the current main practice of examining and approving projects to the use of policy and funds in exercising dual guidance.

Guidance through policy means that the state guides the direction of investment through the formulation of investment policies, industrial policies, and technical policies and through such levers as pricing, taxation, subsidization, interest rates, and so forth. The most important thing here is to recognize the material interests of investors, apply various policies and levers in readjusting the pattern of investors pursuing interests, and guide investment to where the state has its most urgent needs. Concrete patterns for guiding funds are as follows: Direct state investment by way of setting an example, state commitment to an enterprise with an equity stake or a controlling interest, operation on the basis of partnership between enterprises, bank credit for investment purposes, and so forth. With the scopes of investment defined, it is difficult to separate many enterprise (consortium) investments from state and bank support. Only in this particular sense, can state investments and bank loans promote or restrict the realization of enterprise (consortium) investment, through whether or not they grant financial subsidies and take a stake and whether or not they grant credit in support. The use of policy and funds to guide and regulate the direction of investment causes a much less severe jolt than direct administrative intervention and is also what enterprises (consortiums) prefer to accept.

In reforming the investment decisionmaking system, we must establish and perfect a new mechanism for enterprise investment self-regulation, bringing about unity of responsibility, authority, and benefits in enterprise investment. The pattern of investment can take the form

of investment in partnerships between enterprises and governments at various levels and between enterprises. Various investors not only share in the yields of investments, or product rights on the basis of the number of shares but also assume responsibility for bad investment decisions or incurred losses from investments. This stimulates investors to make prudent decisions, do things conscientiously and exercise strict control in a bid for high investment results. Meanwhile, we must strengthen restraints over investment credit and introduce the practice of paying debts after taxes, so that enterprises can really foster a concept of interest rates and a concept of circulation of funds. We must appropriately reform the taxation system and readjust enterprise tax burdens in line with the demand for clearly defined scopes of investment, so that an enterprise really has the ability to pay debts after taxes.

#### Reform the Investment Fund System (subhead)

The reform of the investment fund system calls for drawing a clear line of distinction between funds from revenue and loan funds from banks, perfecting the investment credit mechanism, giving full play to the role of bank loans, and also tentatively introducing the system of raising money by inviting tenders, where some of the projects are concerned.

A noteworthy problem in the distribution of investments is a blurred line of distinction between funds from the budget and funds from bank loans. Due to too strong a demand for investment funds and a shortage of funds from the budget, a squeeze is put on the bank with loan money arranged for use as the state's "second budget." As a result, with more money supplied by banks in support of a high demand for investment funds, overall social demand swells. Also, given no decisionmaking power on the part of banks making investment loans, the role of the credit market mechanism cannot be exploited. Therefore, there is the need to draw a clear line of distinction between funds from the budget and funds from bank loans, on the basis of a delineation of the scopes of investment. The government chiefly relies on revenue to meet its investment needs. It does as much as it can financially afford. To allow a steady source of state investment funds and change the practice of fixing the amount of money once a year, there is a great need to establish a capital construction fund. The capital construction fund is left to the care of a construction bank. A special sum of money is set aside for special purposes. The money is also tapped to meet unexpected needs. Allocations are made for projects, for an interest in given enterprises and for loans.

Because credit funds are marked by such features as the need for repayment, and growth, a bank must be vested with the power to use loan money according to its own judgment. This enables the role of the credit market mechanism to fully assert itself under the guidance of state plans. Given that the present pricing system is not yet fully straightened out, to ensure credit funds being

used in line with the demand for macroeconomic development, the state can specify various proportions and amounts for various trades where bank loans are concerned. The bank is allowed to freely choose concrete projects. Concerning loans for low-profit projects, subsidized interest rates are provided out of the capital construction fund. With the deepening of the reform, we must make a gradual transition to bank discretion in granting loans under the guidance of state plans and policies.

We must change the customary practice of guaranteeing funds for a given project and introduce the dual inspection system that calls for further raising money after the examination and approval of a project. For some projects, money may be raised by inviting tenders. The concrete idea is that with a project put on the list, we may announce production conditions related to it and relevant economic benefits and invite bids from the state, localities, banks and enterprises by way of raising money. Special terms and relevant benefits must be made clear to prospective investors. Raising money by inviting bids can subject the benefits of a given project to the test of society. It also helps in the circulation of funds among departments (localities) and enterprises and horizontal economic integration. It enables us to obtain the most favorable credit terms for the project on the market through competition.

#### Reform the System of Investment Realization [subhead]

Investment realization means the whole process from design to the start of construction work and even completion and start of production, after a project is decided upon. It involves design, construction, equipment, materials supply and construction units and departments, banks, and other aspects, and is marked with relatively complicated economic relations. The reform of the investment realization system mainly calls for changing the old system focused on administrative orders (intervention) and featuring an equal share in the "big rice pot" in the realization of an investment. Instead, a new system with regulation by the market mechanism as its focus and featuring various versions of the responsibility system should be introduced.

1. We must introduce a system that enables people to invite bids or submit bids in an overall manner for a project in regard to the selection of a location, design, construction, and the supply of equipment (whole sets). To this end, we must properly solve three problems: a) We must dispense with regional and departmental blockades and protection, formulate and promulgate laws on the matter of inviting and making bids, and form a mechanism for competition. b) We must establish an authoritative organ that plays fair to assess bids obtained. c) We must further perfect the internal mechanisms involving design, construction and equipment supply enterprises, so that they can stop relying on

administrative departments in charge, really operate along the lines of enterprises, orient themselves toward the market and win through competition.

2. We must further introduce various versions of the investment contract responsibility system. We should promote such work in the following two respects: a) We must introduce the practice of contracting for investments in an overall manner at the various levels of investment realization and in regard to various relevant links. Contracting for investments applies to a wide field. For example, a department may contract for input and output. A local government may contract for the requisition of land and the vacation of given lots. There are also contracts for survey, design, manufacture of equipment, and transportation of materials and equipment, contracts entered into among construction units and enterprises and at various levels in them, and so forth. This is a comprehensive responsibility system is established. b) We must rationally determine the base contracted for, rationally formulate various quotas and standards for fees, see to the firm implementation of contracts, strictly uphold reward and punishment regulations, and get rid of the practice of contracting for something but not acting on it and of just giving rewards and not meting out punishment.

3. We must further develop the construction materials market. With the reform of the materials system and the gradual improvement of the market system, we must further develop the construction materials market, so that the materials required for construction projects can be basically obtained on the market.

#### Economist Calls for New-Style Propaganda

HK180835 Beijing ZHONGGUO JINGJI TIZHI  
GAIGE in Chinese No 10, 23 Oct 87 pp 6-9

[Summary of speech made by Tong Dalin (4547 1129 2651) at the Conference on Propaganda and Distribution Work held by this publication: "We Must Have a New Style of Writing in Propagating Reform"]

[Text] This conference is being held in Zhenjiang. We are staying here and having our meals here. Therefore, it is appropriate that we first say something good about this city.

Zhenjiang is a golden city with golden hills and waters. Concerning the golden hills, there have been many beautiful legends, such as the "Story of the Golden Hill Monastery" and the "Story of Liang Hongyu Who Fought on the Golden Hill"; the golden waters refers to the Changjiang, which is a golden water river, and the Beijing-Hangzhou Grand Canal, which runs from north to south, both making this area one of the most developed areas in ancient China; as to the golden city, since Zhenjiang is a famous cultural and historical city, it was likened to "the first city under heaven" by our forefathers. Now, it has been verified that there are really quite



a few gold and other metal mines in this area. With the rapid development of reform and opening up, the bright prospects of Zhenjiang are becoming clearer and clearer.

Yesterday, I visited the golden hill and the Ganlu Temple, during which I read some things and heard some stories about Zhenjiang, which were presented by the responsible comrades of this city. I find that Zhenjiang has many exceptionally good conditions and many advantages for developing the commodity economy. Moreover, it has already established a sound basis for industrial production. Here are some examples: 1) It has the largest thermal power station in China; 2) it has established a papermaking industrial base; 3) it has an auto industry capable of producing high-quality, specialized motor vehicles such as cold storage trucks, cross-country vehicles, and desert prospecting vehicles; 4) it has a traditional food industry producing a number of brandname products, including gold-medal vinegar and sesame oil; 5) it has a new packing industry; 6) it has an advanced shipbuilding industry; and 7) it has some township and town industries in typical local styles, such as the well-known Danyang glasses and Dantu leather shoes...

Zhenjiang is a golden hill, a golden river, and a golden city. Before liberation, it had only "two and a half chimneys." But last year, its industrial and agricultural output value reached more than 7 billion yuan. It is now striving to become a "billionaire" in 1 or 2 years. However, all this is just a beginning. It is still necessary to speed up and deepen the reform and be bold in carrying out reform, to create favorable conditions for the rapid development of the socialist commodity economy and to achieve a new leap forward in Zhenjiang's development.

Now I would like to say something about the nature of the structural reform and the question of strengthening propaganda in reform, and would like to hear your opinions and criticisms.

#### The Socialist Structural Reform Is a Great Social Revolution [subhead]

As all of you already know, Comrade Xiaoping has a famous thesis, that is: "Reform is China's second revolution." This thesis is very important. We must make a further study of it, so that we can gain a clearer understanding of the nature of the socialist structural reform and take a correct approach to this movement, which is now in the ascendant.

Now we have very clearly seen that the socialist structural reform is not a political revolution or a political movement, but is a social revolution and a social movement. The reason is that a political revolution is aimed at seizing political power, in which one class will overthrow the other; or a "change of dynasty or regime" resulting from a coup within the ruling class. The decade-long

"Great Cultural Revolution" was a "great political revolution," because in this revolution the "rebellions" were trying to overthrow the "capitalist roaders." It brought about an unheard-of political calamity. People may ask: Do you mean that revolution is no longer necessary after the proletariat has seized the political power? Of course not.

In the preface to the German edition of the "*Communist Party Manifesto*," Engels said: "Those workers who firmly believed at that time that a mere political transformation was not enough and demanded a fundamental transformation of society called themselves communists."

In other words, the fighting task for the communists is not only to carry out political revolution and seize political power, but also to carry out social revolution and to fundamentally transform society.

The Marxist "theory of uninterrupted revolution" also tells us:

"This kind of socialism advocates uninterrupted revolution. It refers to the proletarian dictatorship, which is an inevitable stage of transition in order to eliminate all class disparities, to eliminate all production relations that have emerged from these disparities, to eliminate all social relations that are suited to these production relations, and to change all concepts that have emerged due to such social relations."

These remarks of Marx were once distorted. They were distorted by Trotsky; and they were used by the "gang of four" as a theoretical basis for their so-called "continuing the revolution under the dictatorship of the proletariat," which had disastrous political effects. As a matter of fact, the "uninterrupted revolution" mentioned by Marx does not refer to the political revolution, which is aimed at seizing political power, but refers to the fundamental transformation of the production relations, social relations, and various concepts.

Marx also said: "In the situation where there is no class antagonism, social progress will no longer be a course of political revolution."

In other words, after overthrowing the "three great mountains" and eliminating the exploitation system, we should not further carry out a political revolution, but should carry out a social revolution, which is aimed at transforming all the old production relations, old social relations, and old concepts that do not suit the rapid development of social productive forces.

In order to develop social productive forces, we long followed a road of highly concentrated product economy. Practice shows that this road could not give sufficient play to the superiority of the socialist system. Now we have selected a new road, the road of developing the socialist commodity economy. The commodity economy



is the general or common mode of production or economic form of the economic activities of the human being (including production, exchange, distribution, and consumption). The commodity economy has its own law of development. It can be attached to various socioeconomic forms (social systems) and give play to its different characteristics accordingly. History has proved that under any social system, the commodity economy is capable of promoting the development of social productive forces. The socialist structural reform is thus aimed at promoting the development of social productive forces through the form of the commodity economy. If we use a formula to express this idea, it is: reform—the commodity economy—social productive forces—prosperity and civilization. It means that reform is the motive force, which clears the way for the development of the socialist commodity economy; a highly developed socialist commodity economy can promote the rapid development of social productive forces as a whole; and only when productive forces are developed can the Chinese people get rid of poverty and ignorance and achieve prosperity and civilization. This is the target and purpose of the socialist structural reform. That is why we say that the socialist structural reform is a great social revolution and social movement and the most magnificent cause of the whole people.

According to our understanding, social revolution is different from a political revolution. It is not carried out by means of violence and bloody struggle or through "rebellion." It is carried out by peaceful and democratic means and through the method of guidance.

Since structural reform concerns production relations, social relations, and ideological concepts, it becomes closely related to everyone. In reality, structural reform will also result in the readjustment of power and interests of various social groups. Therefore, in the course of reform there will inevitably be all kinds of contradictions, clashes, differences, and difficulties. Various criticisms, accusations, obstacles, and resistance will also appear from time to time. It is also difficult to avoid the phenomena such as backtracking, setbacks, mistakes, and wavering. Thus, our contingent of reformers are required to stand firm in reform and exploit their dauntless heroism and the revolutionary spirit of marching forward courageously under the correct leadership of the party.

The structural reform is a new social movement. It is necessary to make the broad masses of laborers and people fully understand and enthusiastically support it. Otherwise, it will be difficult to achieve complete success. For this reason, propaganda work is very important in reform. It is not only necessary to carry out propaganda beforehand, but also during the whole course of reform, from beginning to end.

How can we do a good job in propagating reform? This is a new subject for us to study. Let us pool the wisdom and efforts of everyone and strive to fulfill this new task through our work in the future.

#### We Must Have a New Style of Writing in Propagating Reform [subhead]

In the years of revolution and war, our party had a complete system of propaganda work, which was full of fighting spirit and was closely linked with the masses and which had been deeply rooted in the people's hearts and had been implemented in real practice. We must inherit and develop its fine traditions.

Now, in the new historical period, in the years of reform and opening up, we must further create a new style of writing in propaganda. For example:

—In theoretical study, we must be good at combining the experiences we have created in practice with the basic theories of Marxism and be bold in smashing the old bounds of the rigid thinking of dogmatism and empiricism. We must make courageous explorations and, through contention of a hundred schools of thought, render new contributions for the development of the theory and practice of scientific socialism.

—In publicizing policies, when giving publicity to the policies and principles of reform and our major experiences, we must strive to make our propaganda accurate, clear, vivid, and able to attract and affect people, and make it an indispensable part of the work and life of the broad masses of people. In other words, it is necessary to enable the masses of people to obtain from our propaganda the guide for their action, the norm of life, and the strength and courage for blazing new trails.

—In the method of propaganda, we must adopt the vivid elicitation method and the method of reasoning things out, rather than the rude and wrong methods used in past political movements, such as "putting labels on others" and "wielding big sticks."

At this conference, we will discuss the question of how to do a good job in the propaganda and distribution of publications on reform. In this connection, I would like to make some suggestions for you reference. Any criticisms are welcome.

First, since reform has been given priority in our work, the work of publicizing reform should also be given priority in our propaganda work. We hope that the main leading comrades of various provinces, cities, and counties will personally grasp the work of propagating reform. All our revolutionary teachers attached great importance to propaganda work. Everyone already knows this. The leading comrades at all levels must carry on the party's fine traditions, learn from our revolutionary teachers, and personally write editorials, comments, dispatches, and newsletters for newspapers and magazines. They must go deep among the broad masses of cadres and people, have dialogues and heart-to-heart talks with them, tell the truth, and take the lead in propagating reform.

Second, there are many things to do in propagating reform. We must mainly grasp the following three: 1) The policy decisions of the CPC Central Committee and the State Council on reform. It is necessary to write editorials, comments, and propaganda lectures on the policies, principles, and important measures which have been worked out by the CPC Central Committee and the State Council so that they can be made known to every household. 2) To introduce new and distinctive practical experiences. In the current practice of reform, the people have accumulated rich experiences. We must make great efforts to find, sum up, and spread these experiences. 3) To carry out theoretical research and let a hundred schools of thought contend. We must also allow reasonable criticisms and anti-criticisms.

Third, in propagating reform, quality should be given priority. Quantity is also necessary. We must pay attention to both quality and quantity, but in any case, quality should come first. In propagating reform, we must also make high-quality products and avoid doing things in a rough and slipshod way. We must not impose unanimity on people and be fond of boasting and exaggeration. We must not pursue the so-called completion and indulge in "stereotyped party writing."

Fourth, it is necessary to attach special importance to literature and art works reflecting reform. At present, there are few literature and art works reflecting reform. However, we must not advocate the so-called "reform literature," so that we can avoid repeating the past wrong practice of "writing about the center, singing about the center, and drawing about the center." We should have a wide field of creation. We can write stories about the Golden Hill Monastery, and we can write about the Ganlu Temple. Of course, it is better to write about the revolutionary struggles at Maoshan. It is not easy to write about reform. I do not understand why some critics are especially fond of finding fault with the works reflecting reform. It seems that the entrepreneurs and reformers we are writing about should be those people who are "most outstanding in three fields" and who are "most perfect and great in all fields." It has so happened that some works which have been regarded as "having serious problems" are well received and are spoken of highly by the broad readers and audience. Does this not give us much food for thought?

Fifth, in propagating reform, it is necessary to strictly observe propaganda discipline. We should never disclose our internal secrets. Those things that should not be made open should not be spread about. In propaganda, we must avoid hunting for novelty. False wines and false medicine are harmful. False reports are even more harmful.

Sixth, it is necessary to encourage competition in publishing and distributing books and magazines for propagating reform. If your magazine is not good, you should stop running it. You can close your office, stop publication, merge with others, or change to other businesses.

You can declare bankruptcy. This is the law whereby the superior wins. All publications that propagate reform should have their own characteristics. We must avoid reprinting the same report in many journals. Otherwise, we could publish only one journal and that would be enough. Now we have many journals. The State Commission for Restructuring Economic System publishes two journals: *Zhongguo Jingji Tizhi Gaige* and *Jingji Tizhi Gaige Neibu Cankao*; the Research Institute of Chinese Structural Reform publishes *Jingji Gaige Wenzhai*; and the Chinese Institute of Structural Reform publishes *Zhongguo Fazhan Yu Gaige*. No matter who runs the journal, it would be better if those which do not have their distinctive characteristics were to cease publication. The authors too must have their own personal styles. For a long time in the past, Chinese writers seemed to have no personal styles except for their common character. How could that do? A book or magazine will be less competitive if people do not want to read it once they read the title or the first few lines. I once asked: Why can we not publish some economic series as good as Wu Han's "historical story series"? We have already carried out activities to popularize science and laws, why can we not also popularize economic knowledge?

Seventh, we must handle distribution properly. If a book or magazine is well written and published, but does not sell well and thus brings about losses, it will also be a bad thing. Therefore, we must try to do a good job in distribution. Our comrades who are enthusiastic about reform often praise the entrepreneurs for their good management. However, we are often incapable of managing our own publications. In the work of distribution, we can also adopt the system of economic contract. We may ask the provincial, city, and county committees (or offices) in charge of structural reform to appoint certain people to act as part-time distributors (they can also be paid) so that the work can be improved. I have figured out that if each county gets 5 copies of a certain book or magazine, some 10,000 copies will be distributed; and if each city wants 50 copies, 15,000 copies will be distributed. With the distribution of these 25,000 copies, it is likely no loss will be incurred. If the distribution is doubled or redoubled, that is, some 50,000 or 100,000 copies are distributed, profits will be earned. More profits will be earned if every enterprise library buys a copy. We hope that Jiangsu Province, or Zhenjiang City, will set a good example in improving distribution.

Eighth, the system of giving awards through discussion can be adopted. It is necessary to encourage outstanding articles on reform. Local authorities can give awards to such articles independently. At the higher level, this can be done in the manner of the "Nobel economic prize," with higher requirements. Awards can be given any time outstanding pieces are discovered. But they should really be outstanding pieces. Awards are not necessarily to be given to those long and systematic theoretical works, they can even be given to an outstanding suggestion. However, the theoretical works or suggestions should be

proved to be correct and effective in practice before they are awarded. Some articles seem good, but if they have not been examined in practice, we should not be too hasty about giving them awards. Some articles look fine when they are written in clear and logical language, but we cannot judge them merely by this. What is important is that they must have real practical effects.

Ninth, a discussion on "how to speed up and deepen reform" can be carried out in the current period. Comrade Xiaoping recently pointed out that it is necessary to speed up reform and deepen reform and

that we must be more courageous in reform. The 13th CPC National Congress has also been defined as "a congress of reform and opening up." Reform is not only the main subject for discussion at the 13th CPC National Congress, but also the main subject for discussion for people throughout the country. Thus, it is natural for us to carry out a mass discussion on this question through various forms. Even if we do not organize such a discussion, the broad masses of people will in any case discuss the question spontaneously. Why should our papers and magazines not grasp this significant work in propagating reform?

### East Region

#### **Shanghai Leaders Attend Municipal CPC Plenum** *OW180225 Shanghai City Service in Mandarin* 1100 GMT 11 Nov 87

[Excerpts] The Shanghai Municipal CPC Committee held its 5th enlarged plenary session this morning. The committee decided that a very important and current pressing task for all party members is to earnestly study and thoroughly understand the guidelines set out by the 13th party congress, that prompt actions must be taken to organize party members to propagate and study the guidelines, so that they will become actions of all party members and people in Shanghai and will expedite reforms, the work to open to the outside world, and other projects in Shanghai.

Rui Xingwen, member of the Secretariat of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, chaired the meeting. Jiang Zemin, member of the Political Bureau of the CPC Central Committee and mayor of Shanghai, conveyed the guidelines set out by the 13th party congress. [passage omitted]

In connection with implementing the guidelines set out by the 13th party congress, the meeting today put forward the following tasks:

1. We should systematically propagate the guidelines set out by the congress and earnestly study its documents, to unify the thinking of all party members. [passage omitted]
2. We should resolutely implement the principles for economic work. The economy must be further stabilized, and reform must continue. [passage omitted]
3. We should be well prepared for reform of the political structure. [passage omitted]

### Central-South Region

#### **Guangdong To Lead Way in Overall Reform** *HK180537 Guangzhou Guangdong Provincial Service* in Mandarin 1030 GMT 16 Nov 87

[Text] The week-long meeting of cadres at provincial department and bureau level on relaying and implementing the spirit of the 13th CPC Congress concluded this afternoon. In his summation speech, provincial party committee secretary Lin Ruo outlined a blueprint for overall reform in the province.

Comrade Lin Ruo said: The working conference of the CPC Central Committee after the 13th CPC Congress decided that the province would be treated as an experimental zone for overall reform. They also decided that the province should continue to move ahead of other provinces and cities in reform and opening up. This will

vigorously push the province forward. According to a tentative idea of the provincial party committee, by the end of the century, the province will reach the economic development level of Asia's four small dragons in the early 1980s. According to the current growth rate, this target can certainly be attained. Thus, Guangdong will really go ahead of other provinces and cities and will not let the central leadership down.

Lin Ruo said: In developing the province's economy, we must carry out the following tasks in the near future. We must exert more efforts to develop export-oriented economy, and, according to the new situation, formulate and improve development plans for the near future, earnestly solve the problem of investment environment, and further import foreign funds and technology and develop domestic economic ties.

Lin Ruo said: We must have the courage to take up the glorious and arduous task of acting as an experimental zone for overall reform. Now the State Commission for Restructuring Economic System is in contact with the provincial government and will conduct further investigations. Then they will formulate a basic reform plan in accordance with the principle of regulation by market and gradually change the double-track price system into the one-track price system that practices market regulation. Reforms in foreign trade, operational mechanism, and market management will also keep pace with it.

#### **Guangdong Reforms Government, Business Roles** *OW181109 Beijing XINHUA in English 1321 GMT* 17 Nov 87

[Text] Guangzhou, November 17 (XINHUA)—Jiangmen, a medium-sized city in south China's Guangdong Province, is leading the way in reforms to separate the functions of government administration and company management. Although the process was started in 1984, the changes have been given added impetus by the outcome of the 13th party congress which finished earlier this month.

Jiangmen, with a population of 5.4 million, is one of China's textile centres. But, up until 1984, the development of a local commodity economy was hindered by a multi-tiered bureaucracy. The city's 390 enterprises used to be under triple control—the municipal Economic Commission, various trade bureaus and administrative bureaus. The overlapping of administrative organizations led to overstaffing, low efficiency and too much bureaucracy, an official in charge of government streamlining said.

The city government began the streamlining by eliminating five industrial bureaus and five administrative bureaus with the approval of the State Council. The city also gave factory directors increased responsibility for decisionmaking, particularly to decide on their own levels of profits and losses. They were to be accountable only to the city Economic Commission.



Staff members whose departments were lost during the reorganization have been transferred to industrial service companies which provide raw materials, promote products and gather latest market information for enterprises.

To coordinate the work of all trades, the local government also set up eight trade associations covering the fields of machine-building, electronics, industry, building materials, and chemical and light industry. These associations are responsible for drawing up trade development blueprints, conducting feasibility studies on technical innovation, sponsoring training courses and issuing production licences.

These service companies and associations are neither government institutions nor form part of the managing department for enterprises. It is a new trend to coordinate cooperation between government administrative departments and enterprises, the official said.

As a result, the city's total industrial output value increased from 2.5 billion yuan in 1980 to last year's 5.5 billion yuan with an average annual increase of nearly 30 percent.

**Oil, Gas Deposits Found in Nansha Islands**  
*OW172207 Beijing XINHUA in English 1525 GMT  
16 Nov 87*

[Text] Guangzhou, November 16 (XINHUA)—Chinese geologists have discovered rich oil and gas deposits in the Nansha Islands in the South China Sea.

The geologists returned to Guangzhou, capital of Guangdong Province, today after a 40-day survey charting the sea basin around the islands which consist of 200 coral islands, shoals and reefs scattered in a sea area of 820,000 square kilometers.

According to the geologists, about 350,000 square km of the area consists of thick sediments of the mesozoic era containing rich oil and natural gas.

In a survey of 180,000 square kilometers, the geologists discovered sediment averaging 4.7 kilometers thick with the thickest point at 8.5 kilometers.

**Guangxi Leaders Relay Spirit of CPC Congress**  
*HK180439 Nanning Guangxi Regional Service  
in Mandarin 1030 GMT 16 Nov 87*

[Excerpts] This morning leaders of the regional party committee held a discussion meeting with members of the press. The leaders answered questions raised by correspondents on how to bring into full play the role of mass media and how to earnestly study and implement the spirit of the 13th CPC Congress.

More than 30 people attended the meeting, including responsible comrades and correspondents from central journalism units in the region and from journalism units of the region and Nanning city.

Hou Depeng, standing committee member and propaganda department director of the regional party committee, presided over the discussion meeting.

At the meeting, Chen Huiguang, deputy to the 13th CPC Congress and secretary of the regional party committee; Wei Chunshu and Jin Baosheng, deputies to the 13th CPC Congress and deputy secretaries of the regional party committee; and Wang Ronzhen, vice chairman of the regional government, had cordial conversations with members of the press. [passage omitted]

At the meeting, Chen Huiguang first thanked the journalistic units for their truthful reports on Guangxi in the past and expressed the hope that they would further propagate the spirit of the 13th CPC Congress so as to bring the ideas of cadres and masses in line with the spirit of the 13th CPC Congress. [passage omitted]

Answering questions raised by the correspondents, Wei Chunshu said that the reason why Guangdong Province can make rapid progress is two fold, namely, vigorously developing productive forces and vigorously developing commodity economy. Practice has proved that the road they have been taking is correct. We will also further relax policies and renew our ideas from leaders down to ordinary people. With concerted efforts and one heart and one mind, our cause will develop smoothly.

When speaking of party building, Comrade Jin Baosheng said: after the 13th CPC Congress, many tasks have to be grasped in party building, but the most important thing is that we must relate all our work to the theory about the initial stage of socialism and to the party's basic line in the initial stage of socialism. [passage omitted]

The meeting was filled with a warm and lively atmosphere from beginning to end.

**Southwest Region**

**Sichuan Circular 'Demands' Study of Congress**  
*HK181421 Chengdu Sichuan Provincial Service  
in Mandarin 0100 GMT 17 Nov 87*

[Excerpts] According to *Sichuan Ribao*, the Sichuan Provincial CPC Committee issued a circular on 12 November. The circular demands that party committees at all levels: Treat studying, propagating, and implementing the documents of the 13th CPC National Congress as the central task in ideological and political work at present and for a period in the near future; organize party members to study the documents level by level, in different fields, purposefully, and step by step; and conduct extensive education in the party's basic line for the initial stage of socialism, so as to bring the ideology

of party members, cadres, and masses throughout the province into line with the report to the 13th CPC Congress. Through study and in connection with the practical situation, party members, cadres, and masses must clearly understand China's national conditions, sum up experience, enhance their vigor, do still better in reform and opening up, and develop the commodity economy to promote all work.

The circular demanded that party members, cadres, and the masses study the documents earnestly and precisely, completely understand the spirit of the documents, and correctly grasp the essence. They must concentrate on studying and digesting Comrade Zhao Ziyang's report. While studying the newly published "Comrade Deng Xiaoping's Important Speeches" and "Adhering to Reform, Opening up and Economic Invigoration—Collection of Excerpts from the Relevant Important Documents Since the 3d Plenary Session of the 11th CPC Central Committee," they must hold discussions relating to their work and ideological situation. The stress should be laid on grasping the following essential things.

We must deeply understand the theory on the initial stage of socialism, treat the theory as the key to understanding the spirit of the 13th CPC Congress, and raise our consciousness in resolutely implementing the party's basic line. We must correctly master the economic development strategies and the policies and plans for economic structural reform. We must understand and implement the policy decision by the CPC Central Committee that we must further stabilize the economy and deepen reform during the next year. We must realize the necessity, targets, and demands of political structural reform, especially the advantages of separating the functions of the party and government, and actively and steadily promote political structural reform. We must clearly know that it is necessary to strengthen party building in reform and opening up, to strictly administer the party, and to seriously improve party style. These are necessary so that the party can stand the test of reform and opening up and of acting as a ruling party. [passage omitted]

The circular demanded that efforts be made to grasp the study of party members and masses so as to make the theory on the initial stage of socialism and the party's basic line popular among the people. We must use various mass media means to completely, accurately, and continuously propagate the documents of the 13th CPC Congress in various lively ways which the people love. [passage omitted]

The circular said: It is necessary to strengthen theoretical building centered on the spirit of the 13th CPC Congress. The provincial party committee demand that study of the 13th CPC Congress documents promote the current work and that we do our best to fulfill all tasks put forward at the 13th CPC Congress.

**Lhasa Leader on Separatism, Congress Spirit**  
*HK180313 Lhasa Xizang Regional Service in Mandarin*  
1130 GMT 16 Nov 87

[Text] Qu Jia, delegate to the 13th national party congress and secretary of the Lhasa City CPC Committee, relayed the spirit of the national party congress at a meeting on the morning of 14 November. Present were party member-cadres at and above the district level working with city government organs. He stressed: All Communist Party members must be capable of standing the test of the struggle between separatism and anti-separatism as well as the test of reform and opening up.

Referring to the ways to study and implement the spirit of the 13th party congress, Comrade Qu Jia said: First, we must concentrate our energies on successfully studying and understanding the documents of the 13th National Party Congress. In carrying out this study, in addition to studying the essential guidance material, we must put the stress on studying the original text. We must study one special topic at a time, and integrate the study with both our vocational work and actual conditions. In the course of the study, we must do well in deeply and thoroughly studying the theory of the initial stage of socialism, and fully understand the one center and two basic points. On the basis of successfully studying the original text and fully understanding the spirit, we must be clear about the basic tasks set for Xizang at the present stage, and seek unity of thinking. We must unswervingly implement the party's policies toward nationalities, religions, and united front. We must maintain the continuity and stability of our reform, hold high the banner of patriotism, unity and progress, defend the motherland's unification, and strengthen nationality solidarity. These are our region's most current and fundamental political principles. Therefore, our party organizations at all levels and all our party members must be capable of standing the test of the struggle between separatism and anti-separatism as well as the test of reform and opening up. They must also unite with the people of all nationalities and circles throughout the city to make joint efforts for realizing the objective of the struggle as set by the 13th National Party Congress.

**Yunnan Rules Support Township Enterprises**  
*HK181249 Kunming Yunnan Provincial Service*  
in Mandarin 1100 GMT 16 Nov 87

[Excerpts] The regional government recently drafted trial regulations on scientific and technological personnel supporting township and town enterprises, and medium and small enterprises. These regulations were drawn up to organize, support, and encourage scientific and technological personnel, including management personnel, to render various technological assistance to township and town enterprises and medium and small enterprises.

The regulations stipulate that it is necessary to vigorously support and encourage scientific and technological research organs, colleges, universities, and party and government organs, to send scientific and technological personnel, excluding secondary and primary school teachers, and scientific and technological personnel from mines, pits, and county agricultural, forestry, animal husbandry, and fishery departments, to townships, towns, and rural areas to contract for or lease medium and small enterprises owned by the whole people; to contract for or jointly run collectively run township and town enterprises; to contract for spark plan and support-the-poor projects; and to provide various technological services. The relevant departments at all levels must: Ensure that the scientific and technological personnel have absolute decisionmaking power in the business management of the enterprises they run; protect their legitimate rights, interests, and normal incomes; and must support them in all fields. [passage omitted]

To encourage the initiative of the units that send scientific and technological personnel to support others, the regulations clearly point out: If scientific and technological or management personnel resign from their units, or retain their posts, to support township and town enterprises or medium and small enterprises, their professional and technical posts in their original units should be retained. The practical results achieved by them in township and town enterprises or medium and small enterprises should also be treated as a criterion in evaluating cadres' performance, approving their wage increases, evaluating and approving their technological or professional titles, and for their employment. [passage omitted]

The regulations also point out: The encouragement and support of scientific and technological personnel and management personnel to go out from scientific research organs, colleges, universities, party and government organs in support of township and town enterprises and medium and small enterprises, must be treated as an important measure by relevant departments and units as enriching people and invigorating Yunnan. They must grasp it firmly. Scientific and technological personnel must: Closely combine their own interests with the interests of the socialist modernization drive; consciously implement the state's relevant policies and laws; develop the spirit of hard struggle; do their work in a down-to-earth manner; and must make contributions to the development of township and town enterprises in the province's rural areas.

### North Region

**Economic Reforms Invigorate Beijing Economy**  
*OW160851 Beijing XINHUA in English 0636 GMT*  
14 Nov 87

[Text] Beijing, November 14 (XINHUA)—Economic reforms have invigorated nearly every aspect of Beijing's economy.

They have speeded up industrial production and brought about changes in management, distribution of goods, ownership, labor, and government functions.

One of the biggest changes has been in ownership system. Private business, regarded as a bourgeois remnant, almost ceased to exist before the reforms started nine years ago.

But in the past nine years, city authorities have encouraged the development of collective- or individual-owned businesses, while still maintaining the dominance of the state ownership.

The outcome has been a more vigorous economy and more job opportunities.

The portion of industrial output by the state-run enterprises has decreased from 83.7 percent in 1978 to 76.7 percent. Collective ownership over the same period has grown from 16.3 to 21.1 percent and individual ownership from zero to 2.2 percent.

The change is most obvious in the service trades. The number of collectively-run units providing commercial services soared from 6,136 in 1978 to 26,839 this year, while the number of self-employed workers has jumped even more spectacularly from 259 to 91,749.

The responsibility system has aimed at breaking up the egalitarian distribution system and has put more pressure on directors and managers.

In the past, a factory director had limited power to change production, personnel, the use of funds, materials or marketing systems. The director had little responsibility for profits or losses, too.

Today factory directors or managers have greater decision-making power. Many operate under contract or lease.

In the city there are now 716 contracted enterprises and 4,889 leasehold ones.

Production has become more closely linked with market demands. Finances and labor are also tuned to the new economic situation.

Most enterprises no longer operate under state mandatory planning and thus are forced to be more competitive and responsive to market changes.

Foreign economic relations and trade have expanded.

By 1986, the city's export volume was 720 million U.S. dollars, 2.5 times that of 1978.

Foreign investments have totalled 2.5 billion U.S. dollars and have involved 1,073 projects.



Local residents may complain about rising prices but all agree living standards have greatly improved. The per capita annual income has shot up from 365.4 yuan in 1978 to 1,067.6 yuan last year. Electric appliances, once the dream of every housewife, are common in households these days.

The 13th national congress of the Chinese Communist Party which ended earlier this month has created more opportunities for people of Beijing.

### Northeast Region

**Forum on Networks of Economic Zone**  
*SK180501 Shenyang DONGBEI JINGJI BAO*  
*in Chinese No 199 3 Nov 87 p 1*

[Text] How should we develop regional economic networks, and promote lateral economic ties? The Northeast China Economic Zone Planning Office of the State Council held a forum on the work concerning regional economic networks of the Northeast China Economic Zone in Jiamusi City from 15 to 18 October. The forum summarized the experiences in establishing regional economic networks. It conducted study and explorations on the structural reforms and policies related to further development of economic ties.

Responsible persons of the department in charge of regional economic networks of the Northeast China Economic Zone, and responsible persons of the general office of provincial, autonomous regional, city, and prefectural economic associations attended the forum. Wang Luming, director of the Northeast China Economic Zone Planning Office of the State Council, gave an important speech. Also attending were Feng Yingkui and Xu Buyun, deputy directors, and Li Yunzhong, deputy secretary general of the office; and Men Jinru, director of the Zoning Bureau of the State Planning Commission. After hearing an introduction of the experiences of the department in charge of regional economic networks, the forum held conscientious discussions on the significance, ways, and policies related to the development of regional economic networks.

Over the past few years, with the guidance of the general policy of reform, opening up, and economic invigoration, the three northeast China provinces, and the three leagues and one city in eastern Nei Monggol, have established one after another some open and crisscross economic and technological association and cooperation networks at different levels and of different scales. These are supported by large and medium-sized cities and vital communications lines, between various economic areas and other cities and localities. Leading organizations and work offices have been correspondingly established for them. To date, the economic zone has established nine regional economic networks of various types. Based on their structures and characteristics, they can be roughly divided into four categories. The first is the economic cooperation areas designated by provincial governments

based on the resources and economic characteristics of these areas. These areas include the Sanjing Plain Economic Areas and the northwest economic area of Heilongjiang Province. Coordination organizations are established and sent by provincial governments to be in charge of the economic planning, association, and coordination of the economic areas. The second is the open and loosely organized regional economic networks voluntarily joined by some neighboring cities within a province, with large cities as their center. This type of regional network includes the economic and technological cooperation association of the cities in central Liaoning, the economic and technological cooperation association of Liaoning's coastal cities, the economic and technological cooperation association of the cities in western Liaoning, and the economic cooperation area of central Heilongjiang. The third is voluntarily organized inter-provincial economic cooperation areas. These include the Mudan Jiang Basin Economic Cooperation Area centering on Mudanjiang City, and including Jixi and Qitaihe Cities, and the Yanbian Autonomous Prefecture of Jilin Province. The fourth is inter-provincial cooperative relations voluntarily established between several cities or areas aimed at establishing long-term and stable cooperative relations, and regular cooperation networks for the work in certain fields. Such association and cooperation networks hold joint conferences or discussion meetings of administrative leaders to maintain regular contacts between the government leaders of various cities and localities. This category includes the joint conference of the mayors and commissioners of 5 cities and 3 leagues, and the economic cooperation discussion meeting of 10 cities, prefectures, and leagues.

All of these regional economic networks, with their unique features, have the following several characteristics: First, these economic networks can enable regional economic development to gradually conform with the demand of objective economic law. They can enable the gradual elimination of the separation between departments and regions and among regions, which was formed under the out-dated system of economic management. They can also enable the essential factors of production to gradually realize rational circulation and combination. This would promote the establishment of lateral associations and coordination among regions, departments, and various industries and trades, which can be popularized at every level, on every front, and in various forms. For example, the urban economic and technical associations of central Liaoning have extensively carried out unified cooperation and coordination in the economy, technology, materials, and talented personnel among seven cities and between the urban and rural areas. They have successively established 28 integrated units among various industries and trades, bringing about the development of financial cooperation, the invigoration of lateral fund-assistance, and the enhancement in the cooperation and coordination of building



local communications facilities. All this has provided conditions for invigorating the regional economy and bringing into play the comprehensive strong points of the regional economy.

Second, these economic networks have accelerated the pace of developing natural resources with unique regional features. For example, on the basis of thoroughly learning about the regional situation and characteristics, the planning office of the Sanjiang Pingyuan economic region in Heilongjiang Province has formulated the overall plan for developing the Sanjiang plain in an all-round way. They will do this by aiming at opening both domestic and foreign markets and the development plan for emphatically building marketable grain bases with the main production of soybean, coal production bases, animal husbandry bases, and the production bases of commodities exported to the Soviet Union. This will accelerate the pace of shifting its regional strong point of natural resources to that of the commodity economy. On the basis of having carried out investigation and study, the planning office of the northwest economic region in Heilongjiang Province has formulated the development plan for opening inland navigation along the tributaries of the Nen Jiang. The plan has passed the provincial authorities appraisal. It has provided conditions for developing and utilizing the water resources of the Nen Jiang. The economic and technical association of the coastal cities in Liaoning Province has jointly engaged in raising shrimps by utilizing their beaches. It has shown a more than 1-fold increase in its output value of shrimps and a more than 6-fold increase in profits.

Third, these economic networks have enforced the practice of having the government lay a road for establishing cooperation and coordination. The networks have also enforced the practice of having the enterprises play an active role in the establishment. This would enable these economic associations and technical coordination among the enterprises to develop into the higher level of enterprise associations and groups. According to incomplete statistics, the northeast economic zone, to date, has established 1,346 enterprise associations and groups with the main force of large- and medium-sized backbone enterprises and taking the production of fine quality and famous trade-mark products as their major task. Many of these enterprise associations and groups have been established through the effort made by the regional economic networks and the match-making work done by the government. Some joint-venture enterprises with foreign countries have also set up cooperation with the foreign countries through the development of domestic regional associations.

Fourth, the establishment of regional economic networks has effectively supported and promoted the economic development in the minority areas and the areas that have been ready to be developed. For example, at the joint conference held in 1986, the mayors of the central cities of Shenyang, Harbin, Changchun, and Dalian; as

well as the mayor from the city and heads from the leagues in eastern Nei Monggol, signed contracts on 303 cooperation and coordination projects, which have accelerated the pace of developing products and making technical progress in the city and two leagues of eastern Nei Monggol.

The establishment and development of regional economic networks have played an increasingly obvious role in promoting the cooperation among various industries and trades and accelerating the pace of developing the commodity economy. According to preliminary statistics, over the past 2 years, the nine economic networks of the northeast economic zone have signed contracts on more than 20,000 cooperation and coordination projects, bringing about a new increase of 4.7 billion yuan in output value and a new increase of 750 million yuan in profits and taxes and scoring marked results in invigorating the regional economy.

During the forum, the participating comrades also held discussions on the current problems that have cropped up in developing regional economy. They contended that the main problems are that many comrades have been weak in understanding the task of developing regional economic networks, that the system in developing these networks is not suitable, that the policies in this regard are not connected and well coordinated, that there is a shortage of macro guidance in developing the regional economy, that the economic rules and regulations are not perfect, and that there is no legal guarantee for developing the regional economy. To deal with the above mentioned problems, they also put forward many favorable opinions and suggestions.

**Heilongjiang Secretary on Congress Documents**  
*SK150759 Harbin Heilongjiang Provincial Service*  
*in Mandarin 2200 GMT 10 Nov 87*

[Excerpt] On the afternoon of 10 November, the provincial party committee held a cadre meeting at the theater of the provincial exhibition hall to relay and implement the documents and guidelines of the 13th National CPC Congress. The meeting pointed out that the central tasks for all levels of party organizations, now and for some time to come are: Being meticulous in organizing the study and propaganda concerning the documents of the 13th Party Congress; extensively and penetratingly conducting education on the party's basic line during the initial stage of socialism; and uniting and encouraging the people all over the province to commonly struggle for the fulfillment of the various tasks set forth by the 13th Party Congress.

Present at the meeting were leading cadres at or above the department and bureau levels of the organs directly under the provincial authorities, and some of the cadres at the section level, more than 2,300 people in all. Seated on the rostrum were leading comrades of the provincial party committee, the provincial advisory commission, the provincial people's congress standing committee, the

provincial government, the provincial CPPCC committee, and the provincial Discipline Inspection Commission, including Sun Weiben, Chen Lei, Li Jianbai, Hou Jie, Wang Zhao, Chen Yunlin, Zhou Wenhua, Wang Haiyan, Qi Guiyuan, and Wang Fei. Also seated on the rostrum were retired veteran Comrades Zhao Dezun and Wang Yilun, as well as the people's deputies to the 13th party congress who were in Harbin. The nonparty leading comrades of the provincial people's congress standing committee, the provincial government and the provincial CPPCC committee were also invited to the meeting. The meeting was presided over by Zhou Wenhua, deputy secretary of the provincial party committee.

Comrade Sun Weiben, secretary of the provincial party committee, relayed in detail the basic situation and guidelines of the 7th plenary session of the 12th CPC Central Committee, the 13th party congress, and the 1st plenary session of the 13th CPC Central Committee. He said: All of these sessions were held in an extremely successful manner. In particular, the 13th party congress was a united, democratic and successful congress. As maintained by deputies, this congress has three characteristics: First, its subject is prominent, its position firm, its goals definite, and its stand clear-cut. Second, it has given full play to democracy and created a new atmosphere of unity, harmony and opening. Third, it has manifested the spiritual styles of succession of the new cadres to the old cadres, cooperations and unity between the old and the new, and carrying forward the cause and forging ahead into the future.

Comrade Sun Weiben said: On the basis of clearly understanding the current situation and defining our tasks, we should, as maintained by deputies, emphatically and penetratingly study and comprehend the following four points: First, the report made at the 13th party congress is set forth based on the grounds that our country is now in the initial stage of socialism. Second, the basic line of the party during the initial stage of socialism is a red thread running through the entire report. Third, accelerating and deepening reform is the subject of the 13th party congress report. Fourth, strengthening party building is the fundamental guarantee for fulfilling the 13th party congress tasks.

Comrade Hou Jie, deputy secretary of the provincial party committee and provincial governor, relayed the guidelines of the national work conference. Comrade Zhou Wenhua read out the circular of the provincial party committee on conscientiously studying, propagating, and implementing the documents and guidelines of the 13th party congress. [passage omitted]

**Heilongjiang's Sun Receives Performers**  
*SK180135 Harbin Heilongjiang Provincial Service  
in Mandarin 1000 GMT 17 Nov 87*

[Excerpts] On 17 November, the provincial Cultural Department held an award ceremony for the programs performed by our province at the First Chinese Art

Festival and the Wuyao International Acrobatic Art Festival. Provincial leaders including Li Jianbai, Chen Yunlin, Zhang Xiangling, Qi Guiyuan, and Jing Bowen issued honorary certificates and cash awards to the performers and producers of the awarded programs. [passage omitted]

Before the certificates and awards were issued, Sun Weiben, secretary of the provincial party committee, received these performers and producers. He encouraged all art workers to create still more and better art works of the people in the course of carrying out reform.

**Heilongjiang Governor on 1988 Development**  
*SK170738 Harbin Heilongjiang Provincial Service  
in Mandarin 2200 GMT 16 Nov 87*

[Excerpts] On 16 November a provincial meeting of prefectural commissioners and city mayors was held. Provincial Governor Hou Jie said that the guiding ideology for the 1988 provincial economic work is to strive for progress by making strict calculations and strive for development by exercising due control. In line with the principle for the 1988 economic work—further stabilizing the economy and further deepening the reform—Governor Hou Jie discussed the way to stabilize the economy.

He said: As far as our province is concerned, attention should be paid to the following points of work with the aim of stabilizing the economy.

1. We should continue to deepen the reform. [passage omitted]
2. We should make great efforts to improve economic efficiency. [passage omitted]
3. We should exercise strict control over the scale of investment. [passage omitted]
4. We should stabilize commodity prices.

With regard to the goals and strategy for the 1988 provincial economic development, Governor Hou Jie said: The guiding ideology for the 1988 economic work is to strive for progress by making strict calculations and strive for development by exercising due control. A preliminary plan of our province calls for scoring a 4-percent increase in agricultural production and a 7-percent increase in industrial production. Where possible, all localities and trades should strive to surpass these targets. We should shift our work emphasis on the endeavor to tap the potential of enterprises, and must on no account seek to establish new projects and general processing items in a blind manner.

A prominent problem in the province's industrial structure is the weakness in power and raw materials industries. In the coming several years the provincial party committee will concentrate its efforts on developing the

power industry and the raw materials industry, focusing on the petrochemical industry in order to lay a solid foundation for invigorating the province's economy. We should further expand export to earn more foreign exchange, and strive to raise the management level of our province's local enterprises to a new stage by launching the activity of upgrading enterprises.

Governor Hou Jie called on various prefectural commissioners and city mayors to firmly grasp the work in this winter-spring period, and the work in the last 40 days of this year in particular. In the field of agriculture, we should firmly grasp farmland capital construction with one hand, and make good preparations for next year's production with the other hand. In the field of industry, we should actively readjust the product mix, organize production in line with market demand, and strive to increase economic results. In the field of commerce, we should organize the supply of commodities in line with the demands during the two major festivals, and should strive to make our markets brisk. In the field of finance and banking, we should exercise strict control over expenditures, do a good job in conducting financial inspections, and strive to ensure a balance between revenues and expenditures. We should strengthen the management of credit and loans, increase the sources of funds for extending credit, and ensure the funds for procuring agricultural and sideline products. We should further strengthen the safety work in order to prevent the occurrence of various accidents. The work in other fields should also be strengthened in order to lay a good foundation for provincial economic development in 1988.

Present at the meeting were Chen Yunlin, deputy secretary of the provincial party committee and vice governor; and An Zhendong, Liu Zhongli, and Jing Bowen, provincial vice governors.

**Jilin's Gao Commends Peasant Entrepreneurs**  
*SK180206 Changchun Jilin Provincial Service*  
*in Mandarin 1030 GMT 17 Nov 87*

[Excerpts] After a 4-day session, the provincial work conference sponsored by the provincial party committee and the provincial Peoples Government on developing town-run enterprises concluded on 17 November. The provincial People's Government held a meeting to commend 40 outstanding peasant entrepreneurs and businessmen. [passage omitted]

Presenting certificates to the outstanding peasant entrepreneurs during the meeting were leading comrades from the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial People's Government, and the provincial CPPCC Committee, including Gao Di, He Zhukang, Wang Zhongyu, Liu Jingzhi, Zhang Shiyang, Cui Lin, Wang Jinshan, and Liu Xilin. [passage omitted]

During the meeting Vice Governor Wang Jinshan delivered a summary speech. [passage omitted]

**Jilin Holds Standing Committee Meeting**  
*SK180709 Changchun Jilin Provincial Service*  
*in Mandarin 1030 GMT 17 Nov 87*

[Text] The 28th meeting of the 6th provincial People's Congress Standing Committee opened in the province's Xinhua Guesthouse on the morning of 17 November.

At the meeting, Zhao Xiu, deputy to the 13th CPC Congress and chairman of the provincial People's Congress Standing Committee, delivered a report on relaying the spirit of the 13th CPC Congress. He described the grand congress event, the process of making the congress report, the election of the three central commissions, and the congress basic guidelines.

In his report he stated: The 13th CPC Congress is an important milestone in the party's history. By upholding the ideological line of seeking truth from facts and proceeding from our country's actual situation, the congress put forward the theory of the initial stage of socialism. This is a great breakthrough made at the congress which has laid an ideological foundation for us in building socialism with Chinese characteristics. The main content of the party's basic line during this period is to uphold the two basic points by taking economic construction as a center and the core of the party's basic line is to develop productive forces. We should regard this basic line as a starting point and fighting target in conducting various work.

In his report Comrade Zhao Xiu stressed: We should do a very good job in studying the issue of how to enable the work done by the People's Congress and its standing committee to meet the need of conducting reforms and make new and still greater efforts to fulfill the tasks set for at the 13th CPC Congress. Vice Chairman Wu Duo presided over the meeting. Attending the meeting were vice chairmen of the provincial People's Congress Standing Committee, including Cheng Shengsan, Wang Jiren, Yu Ruihuang, Dong Su, Renqinzhamsu, and Zhu Jinghang; as well as 32 members.

Attending the meeting as observers were Gao Wen, vice governor of the province; Wang Hongmo, president of the provincial Higher People's Court; and Li Xiangwu, chief procurator of the provincial People's Procuratorate.

**Jilin Factories Tighten Management of Banks**  
*OW180209 Beijing XINHUA in English 1032 GMT*  
*16 Nov 87*

[Text] Beijing, November 16 (XINHUA)—Now 70 percent of the firms in northeast China's Jilin Province are operating their own banks in a bid to tighten accounting and management.



According to today's "Financial Times," these factory banks, usually with factory directors as the head, issue their own checks and vouchers valid only in the factories' workshops, offices, and warehouses who have opened accounts and registered account codes.

Offices and workshops can buy materials and office supplies with these checks and vouchers issued by the factory bank, the report explained, and if they overdraw their accounts they can get loans which are deducted from their bonuses or wages.

Workshops are entitled to receive more checks and vouchers from the bank if production goes up or product quality improves, the report explained.

This new system has replaced the old supply practice under which factory workshops and offices could take what they needed from the warehouses no matter what their economic status.

According to the report, the paper also said the system has enable factory workshops to keep closer tabs on their expenditures, output, and quality, which are now closely linked to wages and bonuses.

A State Council official just said, "Factory banks can improve enterprises' accounting and management, and will help the contract system show better economic results."

Jilin Province first started setting up factory banks in 1982, the report said.

**Liaoning Province Receives Foreign Loans**  
*OW180151 Beijing XINHUA in English 0638 GMT  
16 Nov 87*

[Text] Shenyang, November 16 (XINHUA)—Northeast China's Liaoning Province has signed for foreign loans worth 311 million U.S. dollars since 1984.

According to local sources, as a result of the reform and open policy, these loans were granted by 7 countries, including Japan, the United States, and Italy, with nearly 70 percent approved this year.

In the past, local governments were not allowed to negotiate loans directly with foreign countries, but now the Central Government is encouraging this to promote a better circulation of funds.

Communication facilities in Shenyang, Dandong, Yingkou, and Dalian were outdated, so using loans from Sweden, computer-controlled switchboards were installed and service has improved.

Liaoning's textile industry borrowed 11 million U.S. dollars from Switzerland this year to import Swiss machines and equipment to upgrade existing textile mills, which resulted in the Swiss helping to find new market channels for the products.

To better utilize foreign loans, the provincial government has worked out "Rules for the Management and Utilization of Foreign Loans" and is doing feasibility studies before each agreement is signed.

The local government intends to build an ethylene plant in Liaoning's oil and gas rich Panjin area with 170 million U.S. dollars in loans from Italy. After the feasibility studies were completed, the loan agreement was signed and construction will begin soon.

**Northwest Region**

**Gansu Leaders at Provincial Congress Meeting**  
*HK180457 Lanzhou Gansu Provincial Service  
in Mandarin 1100 GMT 16 Nov 87*

[Text] The 27th meeting of the 6th Gansu Provincial People's Congress Standing Committee opened today in Lanzhou. During this morning's plenary session, Li Ziqi, secretary of the provincial party committee, relayed the spirit of the 13th national party congress, discussed his personal experience in studying Zhao Ziyang's report, and put forward his views on implementing the spirit of the 13th party congress. Liu Bing, chairman of the provincial people's congress standing committee, presided over the plenary session. Attending the plenary session were Wang Yaohua, Liu Lanting, Xu Feiqing, Xing Anmin, [name indistinct], Yang Fuxing, (Li Fuxiao), and Wang Daoyi, vice chairmen of the provincial people's congress standing committee.

According to the agenda and schedule adopted by the plenary session, it is estimated that the 27th meeting will last 6 days. The major items on the agenda are: to study the documents of the 13 CPC National Congress; to examine and adopt the Draft Gansu Provincial Regulations Governing the Administration of Collective Township and Town Mining Enterprises and the Management of Self-employed Laborers Engaged in Mining; to discuss issues concerning the building of the provincial people's congress standing committee; to discuss the draft work report of the 6th provincial people's congress standing committee; to discuss appointments, removals, and other matters.

Attending the plenary session as nonvoting delegates were (Liao Haiwang), vice governor of the provincial government, Qin Bing, president of the provincial higher people's court, and Luo Lin, chief procurator of the provincial people's procuratorate. Others also attending in a nonvoting status were the responsible persons from all prefectural liaison offices, organs of the provincial people's congress standing committee, all prefectural and city people's congress standing committees and from

a number of county people's congress standing committees, and from a number of departments, bureaus, and companies under the provincial government.

**Xinjiang Leaders at Regional Congress Opening**  
*HK180535 Urumqi Xinjiang Regional Service*  
*in Mandarin 1230 GMT 16 Nov 87*

[Text] The 29th meeting of the 6th Xinjiang Autonomous Regional People's Congress Standing Committee opened this morning in Urumqi. The major items on the agenda of this meeting are: to study and discuss the documents of the 13th CPC National Congress; to examine and adopt the autonomous region's Revised Draft Regulations Regarding Labor Safety; to examine and adopt the autonomous region's Draft Regulations Regarding the Preservation and Protection of Cultural and Historical Relics; to examine and approve the Provisional Regulations Regarding the Administration of Greening Work in Urumqi City as formulated by the

Urumqi City People's Congress Standing Committee; to listen to the autonomous regional people's government's report on the region's medical and health work; to listen to a report by the general office of the autonomous regional people's congress standing committee on the handling of proposals, suggestions, and criticisms made by delegates to the sixth session of the sixth autonomous regional people's congress. The current meeting will decide on the date for holding the first session of the seventh autonomous regional people's congress, and will also approve the appointments and removals of cadres.

Amudun Niyaz, chairman of the autonomous regional people's congress standing committee, presided over today's meeting. Attending today's meeting were Yang Yiqing, Codanov, Abulizi Muhemaiti, Mayinu'er, Wang Heting, Husaiyin Siyabayefu, Xiaer Xibieke Sidike, and Zhang Shaopeng, vice chairmen of the autonomous regional people's congress standing committee.

**RENMIN RIBAO on Trade With Taiwan**  
*HK180751 Beijing RENMIN RIBAO in Chinese*  
14 Nov 87 p 2

[Article by Rong Qian (1369 0578): "Trade Between the Two Sides of the Strait Will Benefit Both Parties"]

[Text] Starting from a few piecemeal transactions in 1979, trade between Taiwan and the mainland has been going on for 8 years. During this period, trade from both sides of the strait has kept expanding. According to estimates, the trade is expected to reach \$1.5 billion this year. One may say that considerable trade has begun to take shape; however, direct trade has yet to materialize due to the obstruction put up by the Taiwan authorities.

What is gratifying is that in the last few months things have begun to change, and, thus, an atmosphere favorable to trade between the two sides of the strait has emerged. On 15 July the Taiwan authorities announced the lifting of the 38-year-long martial law. On 14 October they announced permission of mainland visits by Taiwan citizens, and the following day the mainland side expressed welcome for compatriots from Taiwan to return home to visit relatives. It is universally believed that these moves will surely bring a new opportunity for economic and trade exchanges between the two sides.

**Developing Trade Between Taiwan and the Mainland is the Common Demand of the People on Both Sides of the Strait [subhead]**

Developing and expanding trade between Taiwan and the mainland is the common demand of the people, industrialists, and businessmen on both sides of the strait. The demand for realizing the reunification of the motherland and the establishment of "three communications" [direct mail, trade, and air and shipping linkups] set by the NPC Standing Committee on New Year's Day of 1979 in its "Message to the Compatriots in Taiwan" is in compliance with the trend of the times and in keeping with the aspirations and will of the people. Through the concerted efforts of the industrialists and businessmen, who do not hold any government posts in Taiwan or on the mainland side, some achievements have been scored in the indirect trade between the two parties which has lasted for 8 years.

Trade between the two sides of the strait is the common aspiration of the people on both sides, and it is objectively conducive to both sides' economic development. The Chinese people on both sides of the strait have made achievements in economic development that attracted world attention, but are also confronted with some difficulties and problems. On the part of the mainland, although it suffered frequent setbacks in the last 30 years or more, through working hard and overcoming difficulties the compatriots on the mainland have established a relatively complete economic system and industrial system, and approached or caught up with world's

advanced levels in some aspects of science and technology. The mainland has abundant human and natural resources and huge potentialities for further development. Especially after it adopted the policy of reform and opening to the outside world in 1979, its economic strength has increased rapidly. However, calculated on the per capita basis, the mainland's national income is still relatively low and its economic and technological conditions are, on the whole, comparatively backward. As statistics reveal, Taiwan's per capita income is much higher than the mainland's; its production, technological, and management levels in some trades are also higher than the mainland's. However, Taiwan is small in area but densely populated; moreover, it is poor in resources, and 50 to 60 percent of its products are dependent on foreign sales. Therefore, Taiwan is heavily dependent on foreign markets, particularly the U.S. market. It can thus be said that both the mainland and Taiwan have their own strong points and weak points in economic development. If both sides can make use of their advantages and complement and support each other in economic development by promoting trade between them, this will surely give a powerful push to both sides' economic development and bring happiness to the whole Chinese nation.

As international trade has developed to this day, the relations between countries and regions in the world are getting closer and closer. Both the mainland and Taiwan have trade contacts with more than 100 countries or regions in the world. According to statistics, the volume of the mainland's import and export trade in 1986 amounted to \$73.8 billion, and that of Taiwan came to \$64 billion. As two parts of a country and as blood brothers, both Taiwan and the mainland should do much better in developing trade between them.

**An Array of Commodities Can be Traded on Both Sides of the Strait [subhead]**

In terms of the current patterns of imports and exports of Taiwan and the mainland, an array of commodities can be traded on both sides of the strait.

Taiwan can export many of its commodities to the mainland. With the implementation of the policy of reform and opening up, and with the development of industrial and agricultural production and the improvement in the people's living standards in the last few years, the mainland's import and export of various commodities have increased rapidly. Between 1978 and 1986, the mainland's import volume jumped from \$10.89 billion to \$42.91 billion. The capacity of the mainland's market to absorb imports is second only to the Japanese market in Asia. Of the commodities the mainland imported, generally speaking, industrial and agricultural means of production constitute 60 percent; machinery products, 20 percent; and the means of subsistence, 20 percent. Many of these goods are Taiwan-made. In the last few years, Taiwan has exported via Hong Kong and other regions some of its chemical fibers



and fabrics, building materials, light industrial goods, and machinery and electronics products to the mainland. In the shops on the mainland, consumers can find at any time Taiwan-made goods, such as quartz clocks, fancy polyester suiting, and PVC floor sheets. However, since normal trade channels are blocked, Taiwan-made products cannot reach mainland markets in a bigger way.

According to newspapers, Taiwan is facing U.S. pressure to raise the value of the new Taiwan dollar against the U.S. dollar because it enjoys an excessively large trade surplus with the United States. Since May of last year, the value of the new Taiwan dollar has risen more than 28 percent against the U.S. dollar, remarkably weakening the competitiveness of Taiwan exports and sending not a few medium-size and small enterprises to the brink of collapse. Moreover, trade protectionism in the United States is increasingly intensifying, thus creating numerous obstacles to Taiwan's exports to the United States. Taiwan has tried hard to open up new markets, but as competition is acute, such an attempt cannot be expected to succeed in a short time. The mainland, which is very close to Taiwan, has a vast market of 1 billion people. It is obviously unwise to turn a blind eye to such a vast market.

As far as the mainland's ability to pay, there is no need at all to worry about it. The mainland earns a sizable amount of foreign exchange from export of products and labor services every year, and can also use some of its overseas funds. Therefore, its ability to buy imports in foreign exchange is guaranteed. The mainland's trading companies have always enjoyed a good reputation in international markets. True, like many other developing countries, the mainland does not have large amounts of foreign exchange, but it can use it in a planned way, suiting the task to its ability. Instead of being reduced, the mainland's import trade will be gradually expanded in the days ahead.

In the meantime, the mainland can provide Taiwan with a range of products. Enterprises on the mainland see Taiwan as an untapped market for their products. Taiwan imports large quantities of energy and raw materials, such as crude oil, diesel oil, coal, and cotton. Taiwan's import of agricultural and industrial raw materials comprises more than 60 percent of its total volume of imports. The products are shipped long distances from the Middle East, America, Africa, and Oceania at high transport prices. Any price hike, like the previous two drastic crude oil price increases, will mean a shock to Taiwan. The mainland is well positioned to provide Taiwan with these products. In 1985 the mainland exported 31.17 million tons of crude oil, 6.35 million tons of finished oil products, 7.57 million tons of coal, and 350,000 tons of cotton. The energy and bulk raw materials China exported are good in quality and reasonably priced. Moreover, the mainland has good transport facilities. However, direct trade with Taiwan has not yet materialized.

The mainland can also provide Taiwan with soya beans and corn which the latter needs to import.

Many of the mainland's local and special products have an appeal to consumers in Taiwan—such as raw drugs, Yunnan ham, Zhengjiang vinegar, Sichuan thick broad-bean sauce, silks and satins and piece goods, and handicraft articles. These items can only be produced on the mainland due to specific conditions—such as soil, climate, water quality, product varieties, and traditional techniques. They are well received by the compatriots in Taiwan, and very much missed by those who went to Taiwan from the mainland. At present, some of them have to be exported via a third party or smuggled into Taiwan, but the supply falls far short of demand.

In addition, the mainland has made considerable progress in the export of technology in recent years. Apart from agricultural technology, it has also exported technology in other trades—such as the plated heat converter technology, two-step vitamin-C fermentation technology, satellite-launching technology, and computer software. They have all been well received by world markets. Taiwan firms might as well buy some suitable technology and machinery equipment from the mainland. As the mainland speeds up economic construction, its availability of products and product varieties will increase, and at the same time its transport and loading and unloading capacity in the service of export trade will also increase steadily.

In short, both the mainland and Taiwan can be the marketplace for each other's products and import suppliers for each other. Since the people on both sides of the strait are all of Chinese descent and have the same traditional background, language, customs, and habits—and since both sides are economically strong in supplying what the other's needs—it will be mutually beneficial for both sides to strengthen bilateral trade. It can be said that trade between the two sides of the strait will benefit both parties.

Sometimes, some similar export products of the mainland and Taiwan may get involved in competition in world markets. This is a normal phenomenon in international markets. Many other countries and regions are also engaged in competition in world markets; therefore, it is not a matter exclusive to the mainland and Taiwan. Normal competition is beneficial to raising export product quality, cutting costs, and improving the export product mix. If competition reaches vicious proportions, all sides concerned will suffer losses. As blood brothers, after establishing normal trade relations, the mainland and Taiwan can appropriately coordinate and cooperate with each other in international markets if need arises, to avoid the possible harm resulting from a vicious competition.

The Realization of Trade Between the Two Sides of the Strait Awaits the Implementation of an Enlightened Policy by the Taiwan Authorities [subhead]

To be objective, there are still many problems in the question of trade between the two sides of the strait. Due to the longtime separation, both sides are not familiar with each other's market demands, marketing channels, supply capabilities, and trade rules and regulations. Both sides still have a sense of separation and sometimes misunderstanding, to a certain extent. All this will naturally hamper the development of trade between the two sides.

However, the greater difficulty lies in the Taiwan authorities' attitude toward trade with the mainland. The Taiwan authorities have persisted in the so-called "three no's" and opposed the "three communications" up to this day. On the question of trade with the mainland, they have put up barriers of all kinds and taken stern precautions, particularly against the export of the mainland's goods to Taiwan. This is really hard to understand. Taiwan's foreign exchange reserve has amounted to \$60 billion or more. It is precisely this excessive reserve that has made Taiwan deeply worried. Importing some goods from the mainland or making some investments on the mainland is of benefit to both sides and should not be banned arbitrarily. In the last few months, Taiwan has relaxed restrictions on foreign exchange, reduced tariffs, opened itself more to foreign goods, and announced its willingness to liberalize and internationalize its economy. This has received a wide positive response both on the island and overseas. This being the case, Taiwan should comply with popular feeling and adopt a more enlightened policy on the question of trade with the mainland.

It has been said that the Taiwan authorities rejected trade with the mainland for fear of their economy being controlled by the latter. In fact, this worry is not necessary. The mainland has no intention of trying to control Taiwan's economy through trade, and, moreover, it is impossible for the mainland to control Taiwan's economy. Currently the mainland has trade contacts with 177 countries and regions, and no one has ever heard that a certain country's economy is under the mainland's control. Even the Hong Kong region is no exception. The mainland's principle concerning trade with Taiwan is equality and mutual benefits and helping supply each other's needs. In its foreign trade, Taiwan should minimize its over-reliance on one or two countries, but on no

account does this mean relying instead on the China mainland. People with some common knowledge will be aware that this is impossible. What is possible is to complement and rely on each other. Taiwan has been an active player on the international trade arena; it should be more confident in this regard.

We wholeheartedly hope that the Taiwan authorities will comply with the trend of the times and the needs of the people on both sides of the strait; lift restrictions on trade with the mainland; allow not only the export of Taiwan's goods but also the import of the mainland's goods to the island; not only the import of ordinary commodities but also that of bulk agricultural and industrial raw materials; and allow not only entrepot trade but also direct trade between the two sides of the strait. In this way, a balanced can be achieved in the trade between the two sides of the strait, and economic ties between them can be developed soundly.

To promote the trade between the two sides of the strait, despite meager knowledge, this writer ventures to air the following views:

Official economic and trade institutions from both sides of the strait are encouraged to hold direct contacts and negotiations on payments, transport, insurance, handling of trade disputes, and other trade problems. If conditions are not yet ripe for the time being, with official endorsement, matters pertaining to economic and trade exchanges can be discussed and handled by nongovernmental industrial and commercial organizations. To deepen mutual understanding, both sides can organize industrial and commercial economic survey groups to survey various trade and investment possibilities on the two sides. Related academic institutions and research departments are encouraged to strengthen the study of each other's economic and trade situations, market developments, and policies and decrees and to exchange information in this respect. The authorities of both sides should make things convenient for the contacts of these economic and trade personnel.

Historical trends are irresistible. The desire for trade between the two sides of the strait will come true one day. People have high hopes that both sides of the strait will cooperate with each other, and that brothers on both sides will make concerted efforts to rejuvenate the country.

## Hong Kong

**Hong Kong Government Announces 'Reshuffle'**  
HK180517 Hong Kong SOUTH CHINA MORNING  
POST in English 18 Nov 87 pp 1, 2

[By political editor Ann Quon]

[Excerpts] In an unexpected move, the Hong Kong Government has announced that the Secretary for Security, Mr David Jeaffreson, will swap jobs with the Commissioner of the Independent Commission Against Corruption [ICAC], Mr Geoffrey Barnes.

The reshuffle, effective next February, is seen as a sideways move for Mr Jeaffreson, who is 56 next week.

Mr Jeaffreson was due to retire next year, but his new posting will allow the Government to sidestep its own regulations and retain what a Government spokesman described as "a very experienced Government officer".

The post of ICAC Commissioner is outside the mainstream of Government and is not subject to the 57-year-old age limit at which all expatriate administrative officers are required to retire. [passage omitted]

Mr Jeaffreson has been with the Government for 26 years and has held his present post for the past five years.

However, his departure from the security helm is seen by some as long overdue and a way of moving the unyielding Mr Jeaffreson from a post that requires more sensitivity in dealing with demands made on it by administrators and the Legislative and Executive Councils. [passage omitted]

Mr Barnes, 55, is seen as an ideal replacement for reasons of continuity.

He will hold the post for two years before he reaches official retirement, which will give the administration time to groom a successor.

"The appointment of Mr Barnes will provide continuity in the security branch over the next two years," a spokesman said. [passage omitted]

In other moves, the Government confirmed other changes outlined by the *South China Morning Post* including:

—The Commissioner of the Survey Office, Mr Adolf Hsu, will succeed Miss Elaine Chung as Deputy Secretary for Health and Welfare.

—Miss Chung will become Deputy Secretary for Administrative Services and Information, this week.

—Mr Anthony Eason, Deputy Director of Industry will succeed Mr Haider Barma as Deputy Secretary for the Civil Service.

—Mr Keith Broadbridge, police administration officer, will succeed Mr Michael Cartland as Hong Kong's representative in Geneva, next February.

**Department Heads Land 'Tiger-by-Tail' Speech**  
HK180311 Hong Kong HONGKONG STANDARD  
in English 18 Nov 87 p 1

[By Wilson Wong]

[Text] Government department heads have applauded Chief Secretary David Ford for his "tiger-by-the-tail" speech in which he lambasted two Legislative Councillors for attacking the Government.

Their endorsement of Mr Ford's controversial speech was given at a meeting of about 50 department directors and branch secretaries, officials who attended the meeting said yesterday.

Speaking in the Legislative Council [Legco] last Wednesday, Mr Ford told councillors Martin Lee and Pang Chun-hoi that if they kept up their criticism of what they have termed the "lame-duck" government, they would find they had a tiger by the tail—and not a paper one.

Sources said that at the meeting, held in the old Legislative Council chamber in the Secretariat the day after the Legco session, the officials told the Chief Secretary he was doing the right thing to boost the morale of civil servants.

They said Mr Ford was given overwhelming support by the senior government officials, who regarded it as "the right time to fight back".

"It is time for the Government to put a stop to this unreasonable criticism which is on the verge of going beyond the limit," a Secretariat official said.

"The time has come for the Government to come out with rebuttal that equals the criticism—a tooth for a tooth, an eye for an eye," he said.

The Government has been under heavy criticism since last month's stock market crash and the Survey Office report on the political review—with the strongest words coming from Mr Lee and Mr Pang.

In his speech, Mr Ford said the accusations by Mr Lee and Mr Pang were so grave that they could not be taken lightly.

Senior civil servants said the reaction had been much stronger among Chinese speakers than among English speakers because of the way the speech was translated into Chinese by the simultaneous interpreter.



**Securities Review Chief To Plan for Future**  
**HK180525 Hong Kong SOUTH CHINA MORNING**  
**POST in English 18 Nov 87 p 1**

[By Brian Wong]

[Text] Mr Ian Hay Davison, the Government's stock market trouble-shooter, flew into Hong Kong yesterday and said he had not come to criticise but to plan for the future.

"We want to try and lay a blueprint for the future which can be followed by improving the regulatory arrangements in Hong Kong and in Hong Kong's financial markets in the future.

"It is not a backward-looking report," Mr Davison said at the airport.

Mr Davison was selected from a short list of six candidates to head the Securities Review Committee that was set up in the wake of the collapse of the futures market and the subsequent crisis of confidence that spilled over into the Stock Exchange.

Mr Davison was met at the airport by the secretary of the Review Committee, Mr Michael Wu.

Asked if the report would be commenting on the controversial four-day closure of the Stock Exchange, Mr Davison said: "I don't really think that is a matter we need to form a view about."

"There are two views on that subject and I think that many people have expressed those views," he said.

Mr Davison said he would be meeting members of his committee over the next few days and hold the first formal meeting next Monday.

The committee would ask members of the public and interested parties to make submissions.

"Anybody who has anything to say about the better regulation of the Stock Exchange or the Futures Exchange is welcome to give us his views," he said.

Explaining why he had taken up the appointment, Mr Davison said: "Hong Kong is, after the three major exchanges of New York, Tokyo and London, probably the fourth largest stock market in the world. It has grown faster than any other.

"Clearly, Hong Kong is a major financial centre and the challenge of helping to chart the course of future development of one of the world's major financial centres is not something one would decline and I certainly wouldn't decline it."

One of the thornier issues the review committee will have to ponder is the question of the future constitution of the exchange.

The larger overseas stockbrokers which are believed to account for some 70 percent of the stock market's turnover at present have no representation on any of the Stock Exchange's committees.

Since the collapse of the market they have been pressing for a voice in stock market policy deliberations.

The Futures Exchange is also expected to come in for rigorous examination following its collapse and subsequent \$4 billion bail-out.

**Trawler Attacked Near SRV-Held Island; 1 Dead**  
**HK160943 Hong Kong SOUTH CHINA MORNING**  
**POST in English 15 Nov 87 p 1**

[By Brian Wong and Tommy Lewis]

[Excerpts] Marine Police yesterday launched an investigation into the killing of a Hong Kong fisherman off the contested Spratly Islands in the South China Sea.

Shipmates of the dead man, identified as Mr Wong Kam-fuk, 21, claim he was hit by a burst of machinegun fire on Tuesday while fishing out of a sampan near their junk.

They said they had no idea who was responsible for the attack.

However, pirates roam the area and Vietnam has been involved in disputes with China and Taiwan over sovereignty of many of the Spratlys.

A police spokesman said yesterday a bullet recovered from the sampan in which Mr Wong was wounded would be tested by ballistic experts to determine its make.

It is not known whether positive identification of the round would lead to a protest being lodged with the responsible authorities on behalf of the Hong Kong Government.

The Cheung Chau-based trawler arrived at the Aberdeen Marine Police base yesterday morning with the body of the slain fisherman packed in a icebox in its hold.

Survivors of the attack said they had no warning before the sampan in which Mr Wong and another fisherman, Mr Cheung Wai-ming, 33, were working was raked by gunfire at about 4 pm.

Mr Wong was wounded in the stomach and tumbled into the sea, about 200 metres from the trawler, but Mr Cheung escaped injury. The fishermen said the trawler was anchored about four nautical miles off a Vietnamese-occupied island in what they believed to be international waters.

"We had been fishing there for about three hours and everything was very quiet. All of a sudden I heard the sound of shots and I immediately warned Kam-fuk to duck for cover," Mr Cheung said.

"Then I heard him moaning. I heard him say he was shot and was going to die. Then he fell into the sea," Mr Cheung said. [passage omitted]

Another crewman, Mr Law Chor-sup, said he had spotted what appeared to be a sentry tower on the nearby island but it appeared to be unmanned. There were no other boats nearby at the time of the attack.

Mr Wong was later certified dead by a doctor who was brought aboard the trawler from the Taiwanese-occupied island of Itu Aba.

The body was packed in an icebox which was lowered into a freezing compartment before the boat set out for home.

However, the trawler's master, Mr Law Kam-muk, later radioed the Chinese maritime authorities at Hainan Island requesting permission to land to have the body cremated.

This was turned down, even though Mr Law said he was concerned that the body had begun to decay.

Recounting the drama, he said last night: "I haven't slept or eaten for five days and nights since the shooting.

"We knew we were close to the (unidentified) Vietnamese-held island but our sampans did not enter its territorial water limits. We were about four nautical miles from shore at all times.

"We thought we were safe because international laws state that the territorial water limits (of a country) extend only three nautical miles from its shore." [passage omitted]

## Macao

**Joint Venture Set With Macao Portuguese Firm**  
*HK110606 Beijing CHINA DAILY in English*  
11 Nov 87 p 2

[By staff reporter Wang Dazi]

[Text] An agreement for a co-operative project between China and Macao companies to mine and process marble was signed yesterday in Beijing.

The joint venture, Baoxing Marble Limited in Sichuan Province, will be financed jointly by the China National Metals and Minerals Import and Export Corporation, its Sichuan branch, and the Baoxing Marble Company in Sichuan, China Nam Kwong Co Ltd based in Hong Kong and Magran Marble Industrial Corporation Ltd of Macao.

This is the first joint venture in the metals and minerals industry between the Chinese mainland and the Macao-based Portuguese company.

Of the total investment of \$2.42 million, the Baoxing Company will contribute 50 percent, the foreign partners 25 percent, and the China national Metals and Minerals Import and Export Corporation and its Sichuan branch 25 percent, said Gao Peigong, deputy general manager of the stone materials division of the corporation.

"Our aim is to upgrade the technology of mining processing marble to meet the international market demand," he said.

"Most of the marble products of the joint venture will be for export," he added.

The venture is expected to go into operation before the end of next year, using advanced equipment imported from Portugal.

The venture is planned to have a mining capacity of 7,000 cubic metres of marble by 1990 and 10,000 cubic metres by 1992.

A slab processing workshop is expected to go into operation by the end of next year. It will produce 60,000 square metres of marble slabs by the end of 1989.

Meanwhile, a letter of intent to start work at the Baoxing East Mine was also signed yesterday.

It involves a total investment of \$5 million. When put into operation, the mine will produce 35,000 cubic metres of marble.

"Last year, China exported marble and marble products worth \$16 million and expects to export \$22 million worth by the end of this year," the deputy manager said.

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